TITLE PAGE
AGOA AND AFRICAN UNDERDEVELOPMENT, A CRITICAL ANALYSIS OF
A MAJOR CONTRADICTIONS
DEDICATION

This dissertation is dedicated to God Almighty and to my folks; Mr. and Mrs.
Williams Ololo.
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LIST OF ABBREVIATIONS

AGOA: African Growth and opportunity act
USA: United States of America
GSP: Generalized System of Preferences
IMF: International Monetary Fund
SAP: Structural Adjustment Programme
NEPAD: New Partnership for African Development.
MDGS: Millennium Development Goals
UN: United Nations
LDCS: Least Developed Countries
SSA: Sub-Saharan African
LARRI: Labor Resource and Research Institute.
EBID: Economic Community of West African States Bank for Investment and Development
ECOWAS: Economic Community of West African States
MFA: Multi–Fiber Agreement
WTO: World Trade Organizations
NGO: Non–Governmental Organization
ANC: African Nation Congress
GDP: Gross Domestic Product
UNDC: United States Department of Commerce
CCP: Committee on Colonial Policy
DRC: Democratic Republic of Congo
AIDS: Acquired Immune Deficiency Syndrome
OECD: Organization for Economic Co-operation and Development
GNP: Gross National Product
HIPC: Heavily Indebted Poor Countries Initiatives
AGCI: African Global Competitiveness Initiative
TRADE: Trade for African Development and Enterprise.
SPS: Sanitary Phyto Sanitary
IPRS: Intellectual Property Rights
SAIBL: South African International Business Linkages
OPIC: overseas private investment cooperation
EMP: Emerging Markets Partnership
AUSTRAL: Assistant United States Trade Representative for Africa
CRS: Congressional Research Service
ADS: Africa Development Bank
USFCS: United States and Foreign Commercial Service
USTDA: United States Trade and Development Agency
TDA: Trade and Development Agency
IF: Integrated Frame
IYC: International Trade Center
UNCTAD: United Nations Conference on Trade and Development
UNDP: United Nations Development Program
RCFTAS: Regional Cooperation and Free Trade Agreements
FTA: Free Trade Agreements
SACU: Southern African Custom Union
SADC: Southern African Development Community
COMESA: Common Market for Eastern and Southern Africa.
EAC: East African Community
TIFAS: Trade and Investment Frameworks Agreements
FDI: Foreign Direct Investment
TIDCAS: Trade Investment and Development Cooperative Agreements
BITs: Bilateral Treaties
SAP: Structural Adjustment Programme
TCB: Trade Capacity Building
MCC: Millennium Challenge Cooperation
USAID: United States Agency for International Development
AGCI: African Global Competitive Initiative
USITC: United States International trade Commission
SME: Square Meter Equivalents
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ABSTRACT

The study examines the African Growth and Opportunity Act and African underdevelopment, a critical analysis of major contradictions. The thrust of the research work is to find out if AGOA has spurred the level of investment needed to expand economic activity in the rural agricultural sector. The research work also seeks to examine if AGOA has promoted export diversification with particular reference to clothing and textile industry and the degree the US trade with SSA countries had gone in reducing poverty in the SSA countries, since the AGOA’s drafter’s objectives was for AGOA to serve as a catalyst for African economic development. Utilizing dependency theoretical frame work of analysis, which focus on the socio-economic dynamics of metropolitan and peripheral countries and proponents of the theory argues that the trade relations between the United states and countries in sub-Saharan African is skewed in favor of the former because the developing countries such as sub – Saharan African countries are still dependent on the western imperial western capitalist country though in a subtle way than was in the era of the outright domination of the former. As much as we deemed this theory fit for analyzing the trade relations between the United States and African countries, we did not subscribe to the idea of delinking as a viable option for the economic development of the former because in the world of complex interdependency, delinking is never a viable option for the countries of the SSA and delinking contradicts with the principle of globalism and will amount to autarky. Owing to that, we finished our analysis with the complex inter dependency explanatory tool of analysis which recognizes the possibility of imperialism and unequal rewards in trade and globalization. The study contends that AGOA has not spurred the level of investment needed to expand economic activity in the rural agricultural sector, and that AGOA has not promoted export diversification in the area of clothing and textile industry and that the United States trade relations with sub – Saharan African countries have not led to poverty reduction in the later. Relaying on the secondary source and descriptive analysis for the purpose of data collection and analysis, the study therefore, probe beneath the orbit and bringing to fore, the provisions of the legislation that led to AGOA and the legal framework that resulted and the ensuing economic consequences this portends for African countries. The study contends that AGOA has not achieved its drafter’s original objectives in bringing about economic development in sub-Saharan African due to a number of factors such as: the constraints imposed by the legislative process, dependence on one – dimensional strategy of tariff reduction and the inherent limitation of “Special and Differential Trade Treatment”. The Study also revealed that AGOA restrictive rules of origin for textile and apparel imports, constrained the growth and development of African’s apparel industry. Complex rules of origin create the potential for hidden protectionism because they accompany legitimate trade policy instrument – preferential trading arrangement. Again, it was revealed in the study that the trade relations between the United States and countries in the AGOA have not significantly impacted on the production and export of agricultural products to the production and export of agricultural products to the United States and this is where majority of African countries rely for survival instead the SSA export to the United States is dominated by energy-related products such as petroleum and this sector also account for the United states investment in the region. The study revealed that the introduction of AGOA brought about an increase in the volume of trades between the United States and sub-Saharan Africa. An increase in African countries’ exports to United States was observed following AGOA’s initial passage. However, the increase in trade was not experienced at the same level in all SSA countries and did not affect all goods equally. Trade statistic shows that countries that experienced substantial growth in trade includes Nigeria, Angola, South Africa, and Chad which are oil producing states apart from South Africa. Majority of African countries depend whole lot on Agricultural export but, AGOA as our research work revealed had not significantly impacted on the production and export of agricultural products to the United States market, where these African countries have comparative advantage and thus AGOA has not reduced the poverty in the SSA countries. Again by US investing and facilitating the export of agricultural product, their national interest will not be enhanced, that explains the reason why the trade relations between the US and SSA countries under AGOA have not significantly impacted on the production and export of agricultural products from SSA countries nor has AGOA brought about a reduction of poverty in SSA. The study contends that though globalization and interdependence are inevitable imperatives of the contemporary global political economy, developing countries such as SSA countries should not always expect bilateral or unilateral trade relations with the advanced capitalist states to be a panacea to the economic dilemma confronting them as this does not squared up with the truth most of the times and countries in SSA region should be able to define their own development agenda and not relying on the western capitalist states or institutions to define or spell out economic measures for them because times and experience have shown that most of the western capitalist states have expired in paradigm and must not be seen as bench mark for economic development.
CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Contemporary international relations are one of an intertwining web of interactions that leaves no room for any state to isolate from others completely. This implies that the contemporary international relations are hallmarked by increasing interdependence among nation states which invariably places less emphasis on size, military might and other orthodox indices of national power, though these indices are still important in international relation.

Trade relations between African states and the wider world could be traced back to the 14\textsuperscript{th} and 15\textsuperscript{th} centuries. The exchange relation existed mainly but not exclusively in form of Atlantic slave trade. By 1494, the Portuguese king had entered agreements with the rulers of several West African states to allow trade between their respective people, enabling the Portuguese to “tap into” the “well developed commercial economy in Africa without engaging in hostilities”. According to Walter Rodney (1972), it was an unequal relationship, with Africans being forced into “colonial” trade with the more economically developed Europeans, exchanging raw materials and human resources (that is slaves) for manufactured goods. This pattern of exchange relation took another phase given to the advent of automobile and technologies. Therefore, the industrial revolutions ushered in the era of legitimate trade that not only necessitated the movement of capital from Europe to other regions of the world, but equally brought to the popular glare, the inherent contradictions of capitalism. The contradictions would remain a crucial factor in helping us to understand the exchange relations between the industrial western capitalist states and the peripheral underdeveloped countries and how this role of trade promoted complementarities or interdependence between African economies and the metropolitan economies.

The development of history after the cold war has witnessed the intense manifestation of these contradictions of capitalism. The principles of capitalism dominate and influence, to a remarkable degree, the direction and pattern of development across the globe and the global development precepts move within the fulcrum of Western-styled development (Okolie, 2009), and this chart the course and intensity of global economic development and pattern of production and distribution of global wealth.
However, the collapse of the Eastern block in the late 1980s and early 1990’s led to the emergence and ascendency of a global economy. With the demise of the Eastern Europe in the early 90s, capitalism as an economic system now dominates the globe more than it has been at anytime in its history.

In most basic terms, the globalization of the world economy is the integration of the world economies through the world trade, financial flows, the exchange of technology and information. The extent of the trend towards integration is clearly reflected in the rising importance of world trade and capital flows in the world economy. Globalization is first and foremost a result of the expansion, diversification and deepening of trade and financial link between countries, especially over the last ten years. This reflects above all, the success of multilateral tariff reduction and trade liberalization efforts. Owing to the foregoing, there is a deeper commitment of national authorities throughout the world to sound macro economic policies and to create a more stable environment for investment and the expansion of economic activity.

Owing to the above, the United States has continually been concerned with the tenets of democratization, human rights and good governance as solid foundations of the nation state. It is through the combination of governance and accountability followed by free market policies and integration in the world economy that the U.S. purports to deliver economic growth and political stability. Subsequently U.S. policies towards Africa have shifted from the dogma of structural adjustment during the 1980’s and early 1990’s to governance and political accountability (Alden, 2008).

With the emergence of bilateral regional and multi-lateral trade liberalizing initiatives, international trade has become one inseparable element of international development.

With the emergence of bilateral regional and multilateral trade liberalizing initiative, international trade has become one inseparable element of international development. For developing countries, trade liberalization was part of the adjustment reform programs already under way. It was expected that trade liberalization would boost economic growth in the poor countries, by providing access to foreign exchange, expanding markets, increasing foreign direct investment and facilitate the transfer of technology. This would then in turn boost domestic productivity, create employment and increase domestic income.
Initially, the impetus for restructuring African economies along free market line came in the context of a deep fiscal crisis (including the debt crisis) that broke open in the early 1980’s. And as more and more African countries ran into difficulty to service their outstanding debts, conditional lending became the main instrument to open up African markets, dismantle many aspect of the African state and instituted minimal democratic procedures deemed essential for the well functioning of the markets.

United States, one of the major purveyors of the contemporary globalization and a prominent crusader of trade as a pillar of global prosperity and security encourages as one of its major priorities economic prosperity through trade and investment in Africa as a panacea to the endemic crisis of development in the region (Nwanze 2008). During the congressional flour debate on AGOA, U.S. Representative Philip English captured the essence of the classic liberal market oriented philosophy driving the African trade legislatures. According to him, by opening our markets and looking to Africa as a market for our goods, we can do more to lift Africa out of poverty and help build its economic self-sufficiency while of the same time increasing our exports and creating jobs right here in America. By passing this bill, we can buttress the economic reforms now being embraced by Sub-Saharan Africa and stimulate much needed economic growth and investment.

It was in the context of the new vision of America for Africa that African growth and opportunity Act (AGOA) was approved by U.S congress and signed by the American President Bill Clinton in May, 2000. It is a trade and investment policy, which is meant to grant duty free access to many goods from Sub-Saharan Africa countries. AGOA is an extension of the generalized system of preferences (GSP) Programme, which emanates from the trade Act of 1974. Under GSP, some products of some countries can be imported into the U.S. duty free. AGOA is meant to increase trade and investment opportunities and benefits for qualifying Sub-Saharan African countries with the United States of America. Specially, AGOA intends to benefit the textile industry base on the premise that this industry has the potential to contribute positively to employment creation, as it is labor intensive and requires only modest investment.

AGOA is based on the assumption that the increased trade and investment opportunities will result in economic growth of the Sub-Saharan African countries, which will lead to poverty reduction in SSA countries. Also, the Act offers substantial incentives for the hope of creating conducive environment for trade and investment. Since its inception in 2000, AGOA has been
amended three times in 2002, 2004 and 2006. The amendments were made to extend the preferential access for imports from beneficiary Sub-Saharan Africa countries.

Initially, AGOA was set to expire in 2008. In 2004, United States Congress passed the AGOA acceleration Act of 2004 which was signed into law by President Bush, which extended the legislation to 2015 for eligible SSA States.

Eligibility for AGOA’s largesse as rightly noted by Nwanze (2008) is, however, not open to all African countries. The United States President designated countries that are eligible for AGOA’s benefits on their progress towards establishing:

i) Market based economy.

ii) Respect for the rule of law, political pluralism, and the right to due process.

iii) The elimination of barriers to U.S. trade and investment.

iv) Pursuance of economic policies to reduce poverty.

v) Enforce policies to combat corruption and bribery.

vi) Protection of labor rights.

vii) Not engaging in activities that will undermine U.S. national security or foreign policy interests. e.t.c.

Given to the above, the primary objectives of AGOA is to increase trade and investment between the U.S. and sub-Saharan Africa countries by reducing trade barriers, expanding U.S. development assistance, negotiating trade agreement, monitoring private sector engagement and strengthening of democracy (David, 2004). Again, AGOA aims at building capacity and infrastructure in sub-Saharan Africa and expand African’s meaningful participation in global economy. The long-term objective of AGOA’s initiative as averred by David is to eradicate poverty in Africa and thus reduce radically the marginalization of Africa in the globalization process.

AGOA provision among other things aims at:

i) Increasing agricultural productivity and rural development in the region, including increased technical assistance and capacity building.

ii) AGOA encourages investment in infrastructure, roads, railway and ports to facilitate the movement of goods within the countries and across borders.

iii) Promoting increased U.S. investment that is mutually beneficial.
iv) Extending the ‘third country fabric’ provision thereby saving tens of thousands of jobs etc.

Owing to that, our concern or the thrust of this research work is to explore the question of whether AGOA has spurred the kind and level of investment needed to create capacity and expand activity in the rural agriculture sector, on which majority of African countries depend for survival. The study also accesses if AGOA has provided export diversification towards clothing and textile industry. Again, the study will specifically interrogate the efforts made by AGOA in alleviating poverty and enhancing socio-economic development in SSA countries.

1.2 STATEMENT OF THE PROBLEM

Until the mid 1990’s, U.S. foreign policy toward Sub-Saharan Africa was characterized by deference to the major European powers. France and Great Britain continued to exercise considerable influence over their former colonies. The United States exhibited relative indifference to the development plight of young African states. The U.S. Department of state established an independent Bureau of African countries affair after a visit by Vice President Richard Nixon to Africa in 1957. (McCormick, 2006). The mid 1990’s congress and the Clinton administration reoriented U.S. policy to aggressively pursue trade and investment opportunities in SSA countries.

It is pertinent to point that revolutions in Eastern Europe brought new attention to the relationship between economic reform and political liberalization. The developments in Europe according the (McCormick, 2006), also strengthened the position of American policy makers who sought to directly tie foreign assistance to African structure and aggressive adopt western principles of liberal democratic government.

Consequent upon that, the pressure to link aid with reform would continue and it is likely to be evident in AGOA’s provision, tying trade preferences to a myriad of factors which include political liberalization.

According to Norberg (2004), he argued that, following the 1945 world order, development aid became an important vehicle of global politics in the first forty years, the aid system resembled to some degree a competitive market, with both the East and west channeling aid to their respective clients in Africa. Since the end of the cold war as averred by him, the aid system has increasingly grown monolithic. Both bilateral and multilateral aid policies were
brought into alignment with a cluster of neo-liberal economic approaches (that is structural adjustment) orchestrated by IMF and World Bank.

According to Okolie (2009), most states in Africa, have been experimenting with different strands of western-foisted development strategies anchored largely on capitalist doctrine. The cardinal objective of the western countries was to inject new life into the comatose African economy through aids, investments, or enhanced exchange relations. This explains the formation of the United Nations Program of Action for Africa Economic Recovery and Development (UNPAARD) 1986-1990, Structural Adjustment Program (SAP), New Partnership for African Development (NEPAD), the Poverty Reduction Strategies Paper, Millennium Challenge Account and Millennium Development Goals among others (MDGs) among others.

According to Okolie:
The primary motivation for legislating AGOA was to unleash a wave of bi-lateral trade and American investment in Sub-Saharan Africa. The U.S government is of the view that investment and trade, not aids will create real and sustainable economic growth in Africa (Okolie 2006:75).

Since its inception in 2000, AGOA has increased U.S two way trades with SSA countries. In 2007, for instance, the U.S. total export to SSA countries totaled $14.4 billion and this amount more than doubled in 2001, while the U.S. imports from Sub-Saharan Africa more than tripled during the period amounting to $67.4 billion.

In the area of agriculture, we will point out that the growth of agricultural trade holds much potential for improved economic growth in African. Majority of African countries depends on agricultural production for survival. African agricultural producers could receive higher prices for their goods by exporting to U.S. market. In order for this to occur, U.S. should further open their market.

AGOA again, aimed at developing the textile industry in SSA countries as it has the potential to contribute positively to employment creation due to its labor intensive nature. This can only happen if there is no restrictive rule in AGOA rules of origin for textile and apparel imports, which may in part constrain the growth and development of Africa’s approved industry.

With respect to the foregoing, considerable efforts have been made by scholars in the recent times to examine the trade relation between the U.S. and SSA countries in general. The existing literature in this regard has suffered some short-comings because researchers in this area
has not satisfactorily or adequately addressed the impact of AGOA on the production and exports of agricultural products from Nigeria to the United States.

Studies which deals on the outcome of the trade relations between the SSA countries and U.S. have not adequately evaluated whether AGOA has spurred the level of investment needed to create capacity and expand economic activity in the rural agricultural sector, on which the majority of the African people depend for survival. Those studies have not effectively investigated if AGOA has promoted export diversification in the area of clothing and textile industry and how far these trade relations have alleviated poverty in the SSA countries. The thrust of this research work aims at filling up the gap in the literature.

From the ongoing, the research is faced with the following interrelated problems:

i) Has the AGOA spurred the level of investment needed to expand economic activity in the rural agricultural sector?

ii) Has the AGOA indeed promoted export diversification with particular reference to clothing and textile industry?

iii) And, to what degree has the trade relations between U.S. and SSA countries under AGOA reduced poverty in the later?

1.3 OBJECTIVES OF THE STUDY

Africa is a continent on the doorstep of a new era of democracy and prosperity and many countries have adopted market-oriented economic and political reforms in the past seven years. It is believed that a stronger, stable and prosperous Africa will be a better economic partner, a better partner for security and peace, and a better partner in the fight against drug trafficking, international crime, terrorism, the spread of disease and environmental degradation. Africa is already an important trading partner for the United States.

The rationale behind AGOA is to increase trade and investment opportunities between SSA countries and U.S. with the ultimate goal of reducing poverty. Again is that AGOA strives towards improving African agricultural market access to the U.S. by providing assistance to African countries in order to enable them meet U.S. technical agricultural standards. In the light of the above, this research work tends to arrive tat a rigorous and systematic understanding of this exchange relations between U.S. and SSA countries. In order to ascertain how far, the trade has gone in alleviating poverty in SSA countries through investment and trade in agriculture.
This study also seeks to evaluate or ascertain if AGOA has actually promoted export diversification in the area of clothing and textile industry.

However, the specific objectives of this study are:

i) To evaluate whether AGOA has spurred the level of investment needed to expand economic activity in the rural agricultural sector.

ii) To ascertain if AGOA has promoted export diversification in the area of clothing and textile industry.

iii) To examine if US-African trade relations under AGOA has brought about poverty reduction in the Sub-Saharan African countries.

1.4 SIGNIFICANCE OF THE STUDY

Economic reforms of the Sub-Saharan African countries over time have been disappointing. Virtually, all indices of socio-economic development registered stagnant, if not negative growth rates. Between 1990-2000 for instance, only seven countries in the region achieved a per capital increase in agricultural production and 27 of the 41 countries classified by the UN as ‘least developed’ are found in the Sub-Saharan African countries (Cheru, 2000). The indication is that the structures of the international political economy coupled with some colonial antecedents have posed formidable obstacles to African socio-economic development. This arises from the fact that persistent crisis and contradictions have characterized the global accumulation of wealth.

Africa’s current marginal position in the global economy according to Norberg, must be placed in a historical context - that is, its colonial past and the manner in which the continent was integrated in the post 1945 world order. The continent as opined by him is no stranger to the deleterious effects of globalization. More than any other regions in the world, Africa has paid a high price for the globalizing policies of rival capitalist powers as they strived to expand the geographic bounds of capital. Starting with the slave trade in 1650 and continuing under colonial rule after the Berlin conference of 1884, the continent has been heavily drawn into the centers of capitalist accumulation, but always as a subordinate partner with the primary purpose of contributing to the development of the metropolitan powers. The post 1945 order has done nothing or very little to alter African subordinate rule in it.

Even with the advent of globalization, the capitalist nations continue to strengthen their economist at the expense of the LDC’s causing the developing nations to experience stagnation.
and lack of sustainable development. This in turn forces the LDC’s countries to obtain dead weight loans from the developed nations.

The obvious contradictions of the international political economy demands among all things an indebt explication and an understanding of the future prospects of countries in Sub-Saharan Africa owing to the fact that the structure of the global capitalist economy tends to contradicts their (SSA countries) genuine quest for domestic socio-economic advancement.

In examining the African – US relations under AGOA, this study seeks to establish if AGOA has really spurred the level of investment needed to expand economic activity in the rural agricultural sector. The study also seeks to explore the prospects of the exchange relations between the two countries in reducing poverty in SSA countries and how AGOA has promoted export diversification in the area of clothing and textile industry.

Theoretically, this research work will contribute to the body of knowledge and equally serve as a guide to those who seek to know the linkage between the asymmetrical trade or exchange relationship between the western capitalist countries and the endemic crisis of development in Africa.

In practical level, this research work will serve as a guide in the formulation of relevant policies with respect to Sub-Saharan African countries with the western capitalist states in their quest for economic emancipation and sustainable development.

1.5 LITERATURE REVIEW

The essence of this review is to examine how scholars and writers alike have attempted on explanation as regards to the exchange relations between the U.S. and SSA countries with particular reference to AGOA in order to identify the gap in the literature. To this end, quite numbers of studies have attempted to explicate the nature of the bilateral relative between United States and Sub-Saharan African countries.


the thawing of East-West relations and the fall of the Berlin wall in 1989 instigated outpouring of democratic sentiment in Sub-Saharan African countries and helped to redirect U.S. policy away from geo-politics and support towards democracy and the free election. Responding to political pressure from the West accordingly, several African states adopted political reforms in early 1990’s.

McCormick went further to assert that the development in Europe also strengthened the position of American policy makers who sought to directly tie foreign assistance to African state
progress in repudiating authoritarian structures and aggressively adopting western principles of liberal democratic government. According to him, the pressure to link aid with reform would continue and is evident in AGOA’s provisions tying trade preferences to myriads of factors which among other things are political liberalization.

In examining Nigerian U.S. trade relations under AGOA, Okolie (2006), assert that AGOA has obviously increased the volume of trade between both countries and that Nigeria has been recording favorable trade balance and bounteous investment but that these have not translated in the quality of life index in Nigeria nor has the trade relation between both countries under AGOA translated into the improvement in life sustenance, and material conditions of the masses since available socio-economic indication as averred by him indicates that incident of unemployment, malnutrition and malnourishment are escalating in a seeming irretrievable speed. He averred that Nigeria needs to reassess her priorities in line with the conditions specified in AGOA eligibility document. According to him, trade and investment per se do not stimulate development but the use at which resources arising there from are channeled. The writer suggested accordingly, that Nigerian political leadership must participate actively in the global political economy by strengthening their manufacturing capacity, improving on their productive materials and modernizing their existing mode of production. Finally, Okolie stated that though AGOA holds a promise of stimulating development in a lopsided fashion, and that bilateral and multi-lateral relations in the interdependent world should be encouraged, a strengthen economic structure is what is required to place Nigeria on the trajectory of negotiation strongly with other Sub-Saharan African states.

Ojione in his own assessment of U.S - African trade relation under AGOA contends that AGOA is a United States trade legislation which seeks to open U.S. market to African exports particularly African fabrics, fashion and agricultural product duty free. According to him, AGOA seeks to promote good relationship between African and the United states and again it seeks to develop partnership through trade and investment incentives particularly with African countries undertaking economic and political reforms. The writer equally opined that a number of United States government agencies and officials including the president have been providing a wide range of technical assistance building and have given AGOA a success rating. In substantiating his point, the writer cited a number of countries that were noted to have made progress through AGOA. According to him, countries like Lesotho had made tremendous success to become the
largest exporter by the volume of apparel to the United States. In Uganda, the AGOA led to investment in apparel sector. That, according to him, created 2,000 jobs and led to the establishment of a training institute for textile workers to service that new industry. The writer also went further to assert that the gains of AGOA in south Africa have been tremendous and has been the most diverse, as AGOA exports were recorded in just about every major industry sector though, the height attained by the automobile sector was unparalleled. Following the trend of information on AGOA’s impact in Kenya, the writer states that AGOA in its second year created 20,000 jobs in Kenya while investment totaling $13 million has been pumped into Kenya during the same period. Others on the ‘gainers list” according to the writer include, Botswana, Madagascar, Malawi, Mauritius, Mozambique, Swaziland, Cote d’Ivoire, Mali and Senegal.

The author contends that AGOA has brought about a transformation of Sub-Saharan Africans’ economic landscape by stimulating new trading opportunities for African business and entrepreneurs.

According to him:
AGOA has created jobs and has brought hundreds of millions of dollars in much desired investment to the regions of Sub-Saharan African countries….beneficiary states are either not keen on embracing the provisions or are doing so with caution or even with disinterest. (Ojione, 2007:70).

For Schaefer and Markheim, the purpose of AGOA is to use preferential trade and quota access to the US market as a catalyst for economic growth in SSA countries by encouraging their government to open up their economies and build free market. The duo equally asserts that all or nearly all imports from eligible countries in Sub-Saharan African countries enter the U.S. duty free until 2015. According to them, AGOA’s trade incentives are intended to draw Africa government into improving their political and economic government because reforms and sound policies in these areas would go a long way towards bringing about efficiency in economy as well as economic growth and development (see Schaefer and Markheim, 2006).

Following the document prepared by the Labor Resource and Research Institute (LARRI) for Nambia Trade and Poverty Programme 2007, holds that the introduction of AGOA has led to increased trade between the USA and the SSA countries, though the increase as noted in the document was not experienced at the same level in all the SSA countries and did not affect all goods equally. Trade statistics revealed that countries that experienced substantial growth or
trade included Nigeria, Angola, and South Africa, Gabon and Chad. As noted in the document, products dominating trade between United States and SSA countries are natural resources and primary products, with petroleum products having edge over other products and accounting for more than 90% of all Africana exports to the United States. Owing to this, the document concludes that there are informal and external challenges that face the successes of AGOA in Sub-Saharan countries.

In the same vein, Dokun Oyeshola and Abike Lawal equally noted that AGOA was conceived as a way forward for America to help Africa continent to overcome development and subsequently maintain sustainable development. According to the duo, an overview of developmental initiatives to overcome underdevelopment in the continent and foreign debt repayment forms the background of and context of the discourse on AGOA and relationship with the continent. The duo went further to assert that AGOA has benefited SSA countries in many ways. It according to them stimulated economic growth and job creation in many African countries, encourage many countries to adopt policies aimed at ending hunger and poverty.

According to them:

Lesotho, Kenya, Namibia, Switzerland and Uganda for instance created nearly 200,000 jobs. In Uganda, many young women were employed for the first time and left endless circles of hunger and poverty. In southern Africa as averred by the duo, families have been re-united as men find jobs near their spouses and do not have to migrate for looking for jobs. They are therefore pleading on the African leaders to maximize the benefit of AGOA. (Ogehsola and Lawal 2009:117).

Lanchovichina et al (2004), estimated the potential impact of preferential market access for a set of 37 sub – Saharan African countries to the same countries and predicts that African exports would increase considerably, by approximately 14 percent. In contrast, the products newly added to the GSP list under AGOA as averred by him had an average tariff rate of only 4.1% and the expected impact is likely to be much smaller.

According to some publications (like Tralac, 2003; Ajikanda, 2003; the Times of Zambia, 2005; Business News, 2004), have reported success and failure stories so far with the AGOA implementation. These publications contain stories of how the countries have fared after four years AGOA enactment and subsequent implementation. Great success has been reported in non-oil producing countries like South Africa, Ghana, Lesotho and few others. However, majority of the countries in sub-Saharan Africa have reported moderate performance or less. In
general, according to the US Office of Trade Representative, three are indications success in the two-way trade between the US and sub-Saharan Africa. The following represent the summary of the performance as at the end of 2004. According to those publications: AGOA has been a success, increasing the trade between Africa and the US and diversifying the range of products being traded; in 2004, AGOA imports (including GSP) increased up to 88% and valued at $26.6 billion; following those publications, if you take oil away from AGOA, you will find that non-oil AGOA imports increased up to 22% at a totaled value of $3.6 billion, Apparel and agricultural
products accounted for more than half of non-AGOA imports; AGOA apparel products totaled $1.6 billion, up to 35%; and agricultural products were $265.1 million, up to 10%; and that the two-way total trade (exports plus imports) between the U.S. and Sub-Saharan Africa increased 37% to just over $44 billion in 2004. Particularly impressive is the growth in AGOA imports of footwear, up 223% since 2000; toys and sport wears, up 79%; fruits and nuts, up 68%; and cut flowers, up 58%; U.S. total exports to Africa rose 25% to $8.6 billion and U.S. total imports (AGOA and non-AGOA) from Africa increased by 40% to $35.9 billion.

The above performance summary, however, does not capture variations across countries. While some countries have fared better, others are yet to register the benefits offered by AGOA.

In terms of agricultural performance under the special and differential treatment in the way of AGOA, Nouve, K. & Staatz, J. (2003) Assert that the share of agriculture in total exports from SSA to the United States varies widely from 0% for relatively large oil exporters, such as Angola and Gabon, to more than 95% in countries such as Liberia. On average according to the source, agricultural exports from a very small fraction of SSA’s total exports from a very small fraction of SSA’s total exports to the United States (about 5% between 1998 and 2000 and one percent point lower over the period 2001 – 2002). Agricultural exports in relatively high performing economies, including South Africa and Mauritius, form less than 5% of the total exports to the United States. Despite the small share of agriculture in the south Africa, total exports, the country remains the second largest exporter of agricultural products from SSA to US, after Cote,d’ ivoire, which accounts for at least one – third of these exporters include Malawi, Ghana, Kenya, and particularly Madagascar, which has increased its agricultural market share from about 4% in 1998 – 2000 to 11% in 2001 and nearly 19% over the first three quarters of 2002. More than three – quarters of Cote d’ ivoire exports to US were made of agricultural products during the period 1998 – 2000. This figure decreased to about half over the subsequent two years and this decline may partly due to the armed conflict that emptied in late2002 in that country.

Regarding non – agricultural exports, more than 85% of them are concentrated in four countries, namely: Nigeria, South Africa, Angola and Gabon. Except South Africa, which presents high export diversification, the remaining three major non – agricultural exporters are oil rich.

In assessing the impact of the AGOA Legislation on the market returns in Kenya, Yvan Nezerwe (2009) averred that Kenya is a regional hub for finance and trade in East Africa. It was
one of the first African countries eligible for the trade benefits of AGOA eligible as Yvian opined; Kenya has steadily increased its exports to the United States market. According to him, historical data shows that Kenya exports to the US have more than doubled in the first year of AGOA. In other words, textile, agricultural and electronic products are the biggest Kenyan exports to the United State.

According to him, following the President George Bush signature of AGOA’s amendment, AGOA expanded preferential access for imports from eligible African countries and also gave more power to the US Congress in approving the eligible products. At the request of African countries as averred by Yvan, Namibia and Botswana were considered Less developed countries. The most important AGOAII amendment was that it doubled the volume cap on duty free treatment for apparel products made in AGOA – eligible countries. Again the US President Bush, amended the legislation by signing the AGOA III in 2004.

However, AGOA IV as averred by him, extended the apparel and textile duty – free provisions. African countries such as Kenya have fully taken advantage of this amendment. The legislation liberalized market access to the US and was widely cheered in African countries because of the anticipated benefits. According him the US would be improving trade relations with eligible African countries.

In evaluating the charges in trade volumes between the United States and African eligible countries under AGOA, Ikiara & Ndiranya (2003), noted that, within only two years of qualifying for AGOA, Kenya’s exports of clothing and investments in the textile sector have experienced remarkable growth. Shapouri & Trueblood (2003) also found that many African countries were successful in taking advantage of the US market opportunities through AGOA.

Also, the document for ECOWAS Bank for Investment and Development (EBID) calls for our attention here, this document emphasize that AGOA represent a great opportunity for eligible countries, which would result in their sustainable long-term economic growth, by encouraging the Sub-Saharan African countries to expand and to diversify their exports and build a solid manufacturing and production base. It was also noted in the document that AGOA could also serve as an investment tool for U.S. companies seeking African partners thus, increasing American direct investment in Africa.

In order for AGOA to work better, as was it stated in the document, it requires positive actions on the part of the potential beneficiary of ECOWAS member states. Since the Sub-
Saharan Africa’s countries’ exports are mainly oil, as posited in the document, capacity building for trade is required to help AGOA eligible countries enhance their competitiveness. The document also makes a strong case for a regional approach as a key to recapitalizing the agricultural sector and improving energy and infrastructural networks in order to attract more industrial projects to the regions.

Following the statistics from the US Department of commerce, we are meant to understand that the 180 percent growth in exports from Africa to the U.S. is an indication that the continent is taking full advantage of the Africa Growth and Opportunity Act (AGOA) enacted in 2000. Following the statistics, exports from AGOA-eligible African countries rose from 3.9 billion US dollars in 2000 to 10.9 billion dollars in 2001, indicating a growth of 180 percent. Under AGOA, eligible countries are allowed tariff and quota-free exports to the U.S. market. The export covered by the scheme includes textiles and apparels, leather and footwears, and agricultural products (see http://www.panapress.com?subject=African exports to U.S. soar under AGOA).

Malto et al (2002), on their own part accessed Africa Growth and Opportunity Act and its qualitative impact on African states. According to them, the AGOA that was signed into U.S. Law as title 1 of the U.S. Trade and Development Act on May 18, 2000, is a major plant of the U.S. initiatives towards the African continent. The act aims at improving economic policy-making in Africa, enabling countries to embrace globalization and to secure durable political and economic stability. According to the writers, AGOA offers increased preferential access for Africa exports to the U.S as an incentive for Africa to adopt these policy changes.

According to the authors, AGOA will provide real opportunities to Africa. To them, the gains from 2005 onward could have been much greater if AGOA had first imposed the Multi-fiber Agreement (MFA) rule of origin rather than the more stringent ‘yarn forward’ rule and secondly, had it been certain items were not excluded from AGOA’s coverage and that their estimate suggests that the absence of these restrictions would have magnified the impact nearly fivefold, resulting in an overall increase in non-oil exports of U.S. $0.54 billion compared with the U.S $100-140 million increase that is expected in the presence of these restrictions. According to the writers, these restrictions especially on apparel will come particularly at an inopportune time as Sub-Saharan African countries would be exposed to competition from other developing countries, when the quota maintained on the latter’s exports under Multiplier
Agreement (MFA) are eliminated in 2005. Again is that Africa’s apparel exports will be lower by over 30 percent with the dismantling of the MFA.

In conclusion, the writer notes that though AGOA has expanded the scope of preferential access to Africa’s exports to the United States especially in the area of clothing, its medium – term benefits estimated at about $100-$140 million would have nearly five times greater if no restrictive conditions had been on the terms of market access. The rule of origin with which African exporters of clothing must comply to benefit from duty free access is the most important of the creations.

The Shapouri and True blood (2003), they averred that the trade performance in SSA countries has been characterized by weak export growth, declining trade shares in the global market and low foreign investments level. According to the duo, the U.S. has made an attempt to assist in reversing these trends by passing the African growth into law in May, 2000 as part of the trade and Development Act of 2000. AGOA as they rightly noted provides preferential access to the U.S market for eligible products from designated Sub-Saharan African countries (SSA) as well as improved access to U.S. credit and technical expertise. Three main questions were also raised by the duo regarding the relatively new preferential trade program. The first question is concerned with how well the access provisions in AGOA matched up with the structure of African exports before its enactment. It was asserted by the writers that provisions of the program do not exactly match the profile of the exports of the countries and relative to provisions under GSP-LDC program. According to them AGOA provides limited additional access for the lower income countries. This contributed to the reasons why more than one third of the eligible countries have not yet participated in the program. In the other hand positively perhaps, several SSA countries have not started exporting new commodities to the United States which could be a promising future path for them. Countries like Ethiopia, Ghana and Sierra Leone are examples of SSA countries that export new commodities that benefit from the program. Though, the sizes of such exports are very small, but these exports are steps that could lead to significant export growth.

Following the World Trade organization (WTO), integrated Data Base (IDB), it was revealed in the empirical analysis that AGOA non-oil products increased by 182 percent with the implementation of AGOA, while the AGOA’s non-oil products fell by 78 percent. It was concluded that AGOA has had considerably positive impact on the Nigerian non-oil sector at the
general level. The implication of the policy of the empirical analysis is the need for U.S. to expand the product coverage and opportunities of AGOA non-oil products in order for AGOA to achieve its objectives of using trade as a potent tool for promoting economic growth in Sub-Saharan African countries.

Asobie in assessing Nigeria’s foreign policy under the civilian regime 1999 – 2003, identified the strands of Obsanjo economic diplomacy as incorporating the African growth and Opportunity Act (AGOA), World Trade Organization (WTO) and New Partnership for African Development (NEPAD). Asobie averred that AGOA is a U.S. initiative aimed at bettering trade relations between African countries and the United States. That implies that Africa’s commodities are granted comparatively freer access to the American market. (Asobie 2004). According to Asobie, both American and African government representatives seem to attach some much importance to AGOA’s package as a breakthrough in Afro-American relations as its major target is to serve as a vehicle for economic, trade and development.

Asobie is equally of the opinion that Nigerian political leaders and public officials attach some much perineum on AGOA as a major economic co-operation program that can stimulate Nigeria’s rapid growth and following this mind set, Nigeria met all the conditionalities for participating in AGOA.

According to Asobie:

As soon as Nigeria was granted eligibility status under AGOA, the government set in motion the necessary conditions for the realization of AGOA’S objectives. A national implementation and advisory committees on the opportunity Act was created. By the last quarter of the year, 2001, the committee had developed a new trade policy framework aimed at eradicating unfair trade processes; promotion of free trade and the perfection of strategies to effectively penetrate the U.S market (Asobie, 2004:12).

A source from wikipedia, the free encyclopedia sees (AGOA) as the U.S. congress approved legislation. The purpose according to the source of information was to assist the economies of Sub-Saharan Africa and to improve economic relations between the U.S. and the SSA region. The source notes that AGOA provides trade preferences for quota and duty free entry into the U.S for certain goods, expanding the benefits under the Generalized System of Preferences (GSP) program. It was also noted in the mature that AGOA expanded market access for textile and textile and apparel goods into the United States for eligible countries. This
according to the material resulted in the growth of an apparel industry in southern Africa, and created hundreds of thousands of jobs.

The material or the source from the material states that while AGOA is often synonymous with preferential garment exports, the fact remains that AGOA opens the US market to a large number of African-sourced goods that are able to enter the United States free of import duty.

Following the NGO’s Campaign against U.S. AGOA, Chakrararthi Rogharvan opined that African Growth and Opportunity Act (AGOA), which was signed into law by the US President, provides illusory benefits to African countries who in exchange are to provide real concession to the US and its firms. The African NGO’s have launched a campaign and asked NGO’s elsewhere to join it in alerting African governments, the public and others concerned in African development against the US AGOA Act.

The NGO alert, notes that the recent conference of African ministers of trade in Cairo had expressed their concerns about the dangers of the AGOA to African governments to join the AGOA, until governments have accessed all its implications.

Our second and third questions relate to the effectiveness as well as the impact of the programme.

Furthermore, in AGOA civil society Forum organized by the Civil Society Coalition for 2006 AGOA in a forum with theme “the AGOA we have versus the AGOA we need”. The impacts of AGOA’s first five years on economic growth and poverty reduction were thoroughly examined in the forum. It was agreed in the forum that several countries have benefited from the duty access to the U.S market, particularly in textile and apparels, though it was pointed out in the forum that AGOA’s opportunities could be made more meaningful.

It was noted among other things in the forum that AGOA must be integrated into a larger strategy that aims at unleashing the entrepreneurial forces of Africa, in urban, rural and agricultural sectors and especially among men.

The key question raised in the forum was: Can AGOA be expanded beyond its focus on market access to become the “AGOA we need” or do we need to look for other vehicles? Can AGOA grow beyond its emphasis on exports and aggregate trade volumes to support African entrepreneurs at all levels, including small and medium sized enterprises. (AGOA
Civil Society Forum organized by the Civil Society Coalition in 2006: 4).

Finally, the forum ended with the participant agreeing on the importance of finding a way or a perfect platform in which the civil society organizations can work together and support the long term relationship between the U.S. advocates and people working assiduously to develop small business and fighting poverty in African countries.

In examining Lesotho’s trade performance under AGOA, the Courier 2002 opined that one current asset for Lesotho is the African Growth and Opportunity Act (AGOA). Under AGOA, Lesotho and other African countries have been given zero – tariff access to the American market on a wide range of export items. This according to the Courier, has had an impact on the textile and garment industry that plays a key role in making use of Lesotho’s main resources – cheap labor. In 2000, exports of clothing to the United States were just over US $140million. They rose sharply to just over US $215 million in 2001 when AGOA was launched in Lesotho (the Courier, 2002).

The Courier went further to assert that exports from Lesotho to the US have increased notably since 2001, when AGOA was introduced in the country. According to Bureau of statistic (manufacturing in Lesotho, statically Report, 2005) number of people employed in manufacture of textile and clothing (mostly AGOA industries) increased from 13,133 in year 2000 to 31,292 in 2004. Currently, the number of jobs in the textile and garment is 47,000 (SADC Today, 2006).

Although industrialization due to AGOA may be regarded success story in term of employment generation for Lesotho, water pollution that has ensued as a result could hardly be victory. The broad intention of AGOA is to create sustainable, long term development in Africa by “transforming the economic landscape, stimulating new trading opportunities for business, bringing hundreds of millions of dollars of much needed investment into the region.” Under AGOA, Lesotho has become the largest apparel exporter in Africa to the US. But the long term sustainability of the investment that AGOA has brought in is questionable. Lesotho’s capital, Maseru where most of the investment has been introduced, now faces a double challenge to survival and growth:

I. Water is running out. There is barely enough water to supply the industries and people in Maseru as it stands without reform of water policy, growth will be limited.

II. Waste water from various factories is not being adequately treated, therefore producing level of population that “is against all norms and will become illegal in Lesotho.”
Gibbs concludes in his article that “without sustained collective action in the area of water supply and pollution, it is likely that the AGOA initiative will just perpetuate a footloose pattern of investment by an international textile industry rather than provide an opportunity for sustained investment and growth that lies at the heart of AGOA (See, Gibbs et al, 2003).

In the aspect of trade preferences, it would be pertinent to state here that studies that have explored the impact of expanded trade preferences in reference to AGOA have reached varying conclusions. Rose (2004) for instance finds a significant effect of the GSP on trade volumes, but an insignificant effect of the GATT/WTO.

AGOA also faced severe criticisms, especially from international anti-globalization movements and US interest groups. In the US, textile lobby groups and labor unions were primarily concerned that removal of trade barriers on textile and apparels would result in massive loss of jobs (Cooper, 2002; Friedman, 2000). Recently, US fruit growers urged the administration to re-impose a 15.3% import duty on canned pears, claiming that AGOA gave South African pear farmers an unfair advantage over US farmers (Poole, 2002). Opponents have also charged that AGOA benefits will remain essentially illusory for most countries in SSA (Blackman and Mutume, 1998; Mutume, 1998; Raghavan, 2000). Though largely permits apparels manufactured using US fabrics, yarns and threads. This criticism is not entirely correct, as there are cases (besides the special rule provisions) where African countries have the opportunity to export non-US based apparels to the US (for details, see www.agoa.gov). There is, nevertheless, little doubt that these restrictive rules of origin reduce the scope of the AGOA preferential initiatives. For instance, Mattoo, Roy and Subramanian (2002) review the apparel provisions of AGOA and conclude that over the medium term, the initiative will expand Africa’s possibility to export its products to the US by US$100 to $140 million, corresponding to an 8% to 11% increase in African non-oil exports. Nonetheless, they also contend that the benefits would have been nearly five times greater, about US$540 million, were the terms of the preferential market access free of restrictive rules, in particular the rule of origin. One may be interested in knowing how much the contribution is, if any, of agricultural exports to the increases in non-oil exports.

In the USA, trade investment report (2008), it was noted that AGOA has continued to have profound and positive impact on US/Sub-Saharan African trade and investment eight years after its passage by congress and its consequent enactment into law. By building on the market
access provided by the generalized system of preference, AGOA, the report argued, has opened the U.S market to almost all goods produced in AGOA eligible countries and helped to increase both the volume and diversity of U.S. trade with SSA countries. The report went further note that by providing new market opportunities for African export; AGOA has helped African economic growth and one of the poorest regions of the world. The report noted finally that AGOA has helped to foster an improved business environment in many African countries and that AGOA have attracted investment and had enabled the U.S export to the region and that it has more than doubled since 2001.

According to Mill:
During the first half of 2003, US imports including both AGOA and generalized system of preferences (GSP) increased by 65% to US $66.6 billion. This was primarily because of the increase in energy-related imports from Nigeria which totaled US $5.4 billion of total imports compared to U.S. $3.0 billion in the first half of 2002. AGOA related import of African textiles and apparel increased by U.S. $148.4 million (that is 40.7 percent) over 2002. AGOA has helped African countries to diversify the range of products they send to U.S. Non-oil AGOA Imports like apparel, automobiles and processed agricultural goods doubled since 2001, reaching U.S. $3.5 billion in 2004. (Mill, 2006:27).

By reducing barriers to trade as averred by Mill, AGOA has increased export, created jobs and expanded opportunity for Africans and Americans alike. According to him, it has given African business greater confidence to invest in Africa and encouraged African nations to reform their economies and governments to take advantage of the opportunities that AGOA provides. According to Mill; AGOA nations are strengthening the rule of law. According to him, they are lowering trade barriers. They are combating corruption and eliminating child labor; they are setting an important example for the entire continent, demonstrating that government that respect individual rights and encourage the development of their markets are more likely to grow economically and achieve political stability.

In the recent 2010 summit, making AGOA’s 10th anniversary, there were conflicting speeches from American officials regarding the progress of AGOA in increasing trade between the United States and Sub-Saharan Africa. An official AGOA press release included the following statement:

As we look over the past 10 years, two-way trade between the United States and Africa has more than doubled. Africans exports
to the United States have doubled, reaching ... almost $47 billion in 2009. (Sourced from official AGOA press release 2010: 7).

However, Secretary Clinton’s opening remarks at the summit were of a more somber tone: According to her:

best we all know, despite the best of intentions that AGOA has achieved only modest results and has not lived up to the highest hopes of a decade ago (secretary Clinton’s opening remarks at AGOA summit 2010: 27).

The above speeches points to the fact that there is lack of consensus among the US officials whether AGOA has achieved the drafter objectives of increasing the volume of trade between the United States and Sub-Saharan African countries and if the volume in trade has actually reflected in the economic growth and development of African states.

Again, the Office of the US Trade Representative submitted to the Congress, a comprehensive Report on US Trade and Investment Policy towards Sub-Saharan Africa and the implementation of the African Growth and Opportunity Act (AGOA) in 2008. According to the report:

Eight years after its enactment into law, AGOA continues to have a profound and positive impact on US Trade and Investment with SSA ... It has helped to increase two way US-African trade, promoted greater diversification of exports from AGOA – eligible countries and reinforced African economic reforms efforts. (A comment by US Trade Representative, Susan Schwab in 2008: 4).

The US Government as we were meant to understand by the Report has provided substantial trade capacity building assistance to help Africans utilize the trade opportunities offered under AGOA and to participate more effectively in global trading system. The improved business environment in Africa according to the Report has also helped to create new opportunities for US exports to the region. The Report highlighted that since its inception in 2000, AGOA has helped increased US two-way trade with Sub-Saharan Africa. In 2007, as we were meant to understand by the Report, US total exports to SSA totaled $14.4 billion (more than double the amount in 2001). US total imports from Sub-Saharan Africa more than tripled during this period to $67.4 billion. According to the Report, in 2007, over 98 percent of US import entered the United States duty free.

AGOA Imports (including GSP) totaled $51.1 billion in 2007 (more than six times the amount in 2001); While petroleum products accounted for the largest portion of AGOA imports, non-oil AGOA trade totaled $3.4 billion in 2007 (more than double the amount in 2001). Several
non-oil sectors experienced sizable increases during this period including apparel, foot-wears, vehicles, fruits and nuts, prepared vegetables, leather products, cut followers, prepared sea food, and essential oils (see the report of the U.S. Trade, 2008).

So, what the report of the United States Trade of 2008 is saying in essence is that AGOA up till 2008 has had a profound and positive impact on trade and investment with SSA and it has increased the volume of trade between the US and the SSA countries. No doubt, AGOA must have brought about an increase in the volume of trade between both regions but the Report did not tell us whether every Sub-Saharan African countries experience the same level of increase in their export to US and factors that explain the differences in the export if there is at all. Again the report did not elucidate clearly if these increases in the United States import from the region as well as the trade relations between both regions has translated in the quality of life index in the Sub-Saharan African countries since poverty and malnutrition is still at the escalating level in SSA countries.

To Oyeshola and Lawal (2009), AGOA has benefited Sub-Saharan Africa in many ways. It has stimulated economic growth and job creation in many African countries, encouraged many countries to adopt policies aimed at ending hunger and poverty. Lesotho, Kenya, Namibia, Swaziland and Uganda as averred by them created nearly 200,000 jobs. In Uganda, many young women were employed for the first time and left endless circles of hunger and poverty. In southern African as the duo observed, families have been re-united as men find jobs near their spouses and do not have to migrate far looking for jobs. According to them, many African especially over 200,000 employed in AGOA related industries see it as a life time opportunity for gainful employment and sustainable income. Families that are benefiting from AGOA as farmers growing cottons for there industries or as workers spinning yarns can now send their children to school and afford basic health services.

The duo went further to emphasize that during the first half of 2003, US imports including both AGOA and the generalized system of preferences increased by 65% to US $6.6 billion. This as averred by them was primarily due to increase in energy-related imports from Nigeria which totaled US $5.4 billion of total imports compared to US $3.0 billion in the first half of 2002. AGOA related imports of African textiles and apparel as observed by the duo increased by US $148.4 million (40.7%) over 2002.
To them AGOA has helped African countries to diversify the range of products they send to the US. Non-oil AGOA imports of apparel, automobiles and processed agricultural goods doubled since 2001. (The first full year of AGOA) reaching US $3.5 billion in 2004. They went further to stress that by reducing barriers to trade, AGOA has increased export, created jobs and expanded opportunity for Africans and Americans alike. It has given African business greater confidence to invest in African and encouraged African nations to reform their economic and governments to take advantage of the opportunities that AGOA provides. AGOA nations as stressed by them are strengthening the rule of law, they are lowering trade barriers, they are combating corruption and eliminating child labor, they are setting example for the entire continent, demonstrating that government that respect individual rights and encourage the development of their market are more likely to grow economically and achieve political stability. In summary, this duo are of the view that AGOA has some benefits attached more especially as it pertains to AGOA eligible country; that is the Sub-Saharan Africa and that the trade relations between the United States and the Sub-Saharan African countries under AGOA should be encouraged.

According to the source from Wikipedia, the free encyclopedia, in May 2000, the U.S. Congress approved the legislation known as the African Growth and Opportunity Act or AGOA (Title I, Trade and Development Act of 2000; P.L.106-200) and that the purpose of this legislation is none other than to assist the economies of Sub-Saharan Africa and to improve economic relation between the United States and the region. We were meant to understand from the source that AGOA provides trade preferences for quota and duty free entry into the United States for certain goods, expanding the benefits under the generalized system of preferences (GSP) program. AGOA according to the source expanded market access to textile and apparel goods into the United States for eligible goods into the United States for eligible countries, though many other goods are also included. This according to the source resulted in the growth of an apparel industry in Southern Africa, and created hundreds of thousands of jobs. The source from the Wikipedia went further to note that the dismantling of the multi fiber Agreement’s world quota regime for textile and apparel trade in January 2005 reversed some of the gains made in the African textile industry due to increased competition from developing nations outside of Africa, particularly China. Some factories as the source renders it were shut down in Lesotho where most of the growth occurred. Orders from African manufacturers stabilized
somewhat after the imposition of certain safeguard measures by the U.S. authorities, but Africa’s share of the U.S market was still reduced after the phase out.

In other words, the source from the Wikipedia is of the view that AGOA expanded market access for textile and apparel goods into U.S. which brought about thousands of job opportunities for the SSA Countries until the fade out of Multi fiber Agreement. According to that same source, statistics suggest a positive balance of trade for AGOA participant countries. For instance, the source pointed out that in FY 2008, the United States exported $17,125,389 in goods to the 41 AGOA countries and U.S. imported $81,426,951 for a balance of $64,301,562 in favour of AGOA (http://wikipedia/wiki/African_Growth_andopportunity_Act).

According to the Trade Talk with Rosa Whitaker “Don’t Mischaracterize AGOA, it's working!” Rosa Whitaker (CEO of the Whitaker Group) opined that “I am not disappointed in the progress made under AGOA over the past 10 years.” According to her, exports from AGOA – eligible countries grew over 300% from $21.5 billion in 2000 to $86.1 billion in 2008. Of all that, she averred that $28 billion was in non-oil exports of automobiles from South Africa; apparel from Lesotho; cut flowers from Swaziland. None of this according to her counted for much in 2000, but now thanks to AGOA, they and a host of other nascent industries are beginning to make a significant contribution to Africa’s prosperity.

Whitaker went further to emphasize that the progress in combating poverty in Africa has been made with the United States investment of $2 million annually in reduced non-oil tariff revenues which according to her is an astounding reform on investment in SSA countries.

According to Alan Beattie in the Financial Times (August 8, 2010), and Secretary Clinton, the accepted benchmark for judging AGOA successes lack thereof. According to them, there is disproportionate dominance of petroleum products among Africa’s exports. The metric as averred by them should cause one to question the nature of analysts “expectation” given both the political and economic realities of our world. There is no way that Africa – or any other region for that matter – can grow non-oil sectors that rival its oil sector in just ten years. According to them, no other major oil exporter has done so. This as averred by them, sweeps under the carpet clear progress made by AGOA. Beattie himself points to the 52% increase AGOA- supported textile and garment exports in 2009 alone- only to dismiss them as insufficient within the context of the U.S. economy (www.africa.comprintblog).
According to the 2011 AGOA Forum in Zambia, Commerce, Trade and Industry Minister, Mutati recommended that it is imperative that the extension of the African Growth and Opportunity be driven by objectives. He told the journalist recently that there is need for predictability for AGOA in order to have performance benchmarks that can help make the country competitive to trade with the U.S. market.

According to him, our current export to the U.S. market as a country in terms of agricultural produce amount to only one percent. So, there is need to set a target of at least 10 percent within the next four years in order to increase our exports to the U.S. According to him, it is important to avoid past mistakes where markets were opened to African countries before they became competitive (see www.agoaforumzambia.org.zm/index.php).

In conclusion, Mutati suggested that it was imperative that the world goes back to the original concept of AGOA where main emphasis was put on enhancing Africa’s competitiveness to trade with markets like the US before trade with such market giants was opened. The civil society, ministerial and private sector forums of AGOA have noted that AGOA had made progress in increasing the number of products eligible for exports by Sub-Saharan African Countries to the United States. They also noted that there is an increase in the value of two-way trade between Sub-Saharan Africa and United States over the eight years since the commencement of AGOA in 2000. According to them between 2000-2007, AGOA has resulted in the total volume of trade between forty AGOA –eligible SSA Countries and the United States to grow by 185% in eight years from $27 billion in 2000 to $77 billion in 2007. To them AGOA has increased the volume of trade between United States and the SSA countries.

Frazer (2007) opined that since its establishment, AGOA has been working towards a single goal which among other things is to reduce poverty through growth. According to him, AGOA is based on the principle that trade aid is most effective when it reinforces good governance, economic freedom and investment in people.

Nafukho (2003), on his own part opined that AGOA was designed to facilitate socio-economic growth in selected Sub-Saharan African countries through trade rather aid. Though AGOA is practical approach of the neo-liberal theory, it is externally driven initiative that lacks deep involvement of the recipients in formulation as averred by the author. He went further to argue that while AGOA may be one positive step to promote development in Africa, there is urgent need for empirical research which will help us towards determining how specific SSA
countries are involved in AGOA decision making process. He maintained that the key to Africa’s survival is through investment in intellectual capital since only those with knowledge and information would survive in the present era of globalization.

Summary of the Literature Review

All the literature review in this work, following the question we posed, has not been adequately addressed. It is evident from the review that we could not ascertain if AGOA has actually spurred the level of investment needed to create capacity and to expand economic activity in the rural agricultural sector. We could not from the literature reviewed so far explain if AGOA has promoted export diversification in the area of clothing and textile industry and again, whether the rise in Africa trade relations has brought about poverty alleviation in Sub-Saharan African countries.

As we have stated in our statement of problem, our particular concern in this research work is to ascertain whether AGOA has really spurred the level of investment needed to create capacity to expand economic activity in the rural agricultural sector, and to ascertain if AGOA has promoted diversification in the area of clothing and textile industry and how far these had gone towards alleviating poverty in Sub-Saharan African countries.

Though, some scholars like McCormick, Dokune, Lawal, Ojione Mills, Okolie etc had attempted research in these areas but we found out that this particular issue still beg for attention as it has not been satisfactorily answered given to the available literature on the issue. Owing to that, we tend to fill up that gap in the literature.

1.6 THEORETICAL FRAMEWORK

Theory is a framework of ideas that establishes a general context of knowledge. Theory helps in the explanation of issues, relationships and processes in the global political economy. Plethora of theories abound both within the liberal and the Marxist political economy with the aim to facilitate an understanding of international relations.

The present global order according to Okolie (2006), is rooted in neo-liberal framework of modernization prescriptions and the character and pattern of interaction reflect the basic element of western capitalism. Owing to that, a realistic explanation of a global event must reflect the basic features of hegemonic political and economic order that is rooted in the advanced form of capitalism. Again is that given to the advent of hi-tech and globalization, capitalism has undergone some dramatic changes in global market. Consequent upon that,
African communities are still wrestling with the demands of globalization and other multifarious socio-economic challenges. Therefore, for the analysis of the exchange relations between the U.S. and the SSA countries under AGOA, we shall predicate our analysis of the exchange relations between the U.S and the SSA countries under AGOA, we shall predict our analysis on some propositions emanating from the “Dependency theory” as contained in works of such thinkers like Susanne Bodenheim’s “Dependency and Imperialism: the Root Cause of Latin America underdevelopment” (1971), Andre Gunder Frank “Sociology of Development and Underdevelopment.

As much as we deemed this theory suitable for analyzing the events and processes in global political economy especially as pertain to the U.S trade relations with SSA countries, we are not subscribing to the prescription of de linking as a viable option for the third world countries so as to bring about economic efficiency and development. The reason is that the insistence on delinking as a way forward contradicts with the seemingly natural percepts of globalism.

The World of man is a world of complex interdependence and delinking would amount to autarky and thus, not a viable option for the SSA countries. Consequent upon that, we are going to complete our analysis with the complex interdependence theory. So in other words, we are adopting some prescriptions of Dependency theory and then complete the work with the complex interdependence tool of analysis.

Dependency theorists argue in opposition to free market economists. It states that underdeveloped or developing countries need to “reduce” their connectedness with the world market so that they can pursue a path more in keeping with their own needs, less dictated by external pressures.

The theory originated from two papers published in 1949 by Hans Singer and Paul Prebisch. It was developed from Marxian perspective by Paul A. Baran in 1857 with the publication of his “Political Economy of Growth”. Other dependency theorists are Kart Rothschild, Walter Rodney, Paul an Israel Singer, Ernest Feder, Herb Addo among others.

It belongs to political Economy Paradigm which focuses on the socio-economic dynamics of metropolitans and peripheral nations. It regards most of the developing nations to be dependent on their former imperial western capitalist countries; in a more subtle manner than in the case during the era of outright domination.
As an idea, complex interdependence in international relations, were put forth by Robert Keohane and Joseph Nye, to them, States and their fortunes are inextricably tied together. The concept of economic interdependence was popularized through the work of Richard N. Cooper with the analytical constructs of complex interdependence in their critique of political realism.

Robert Keohane and Joseph Nye went a step further and analyze how international politics is transformed by interdependence (Crane & Amawi 1997). The theorists recognize that the various and complex transnational connections and interdependence between states and societies were increasing, while the use of military force and power balancing are decreasing but remain important.

Nye and Keohane, thus argue that the decline of military forces as a policy tool and the increase in economic and other forms of interdependence should increase the probability of cooperation among states. The work of the theory surfaced into 1970s to become a significant challenge to political realist theory in international politics.

The two theories are suitable in helping us to explain the trade relations between United States and SSA countries under AGOA especially in the area of the U.S. to facilitate the imports of textile and apparels as well as agricultural products from the SSA in order to reduce poverty on the side of the later.

Though, American is not an imperial master but given to the event in the international arena and following the end of the Second World War, America has emerged as the world power as well as one of the purveyors of the contemporary globalization and the driving force of the western liberal capitalism.

Since trade is also political according to Robert Katter, U.S. as the leading purveyors of advanced industrial capitalism, engages in international trade to protect her national interest and this her national interest is achieved by import of hydrocarbons-oil and gas from some of the SSA counties like Nigeria, Angola and South Africa etc. that is why petroleum products account for more than 90% of all African export trade to United State, given to that it is most likely that U.S. trade interest does not occur with the importation of more agricultural products from SSA countries. This explains why ten (10) years since the passage of original legislation, the US trade relation under AGOA have not spurred the kind and level of investment needed to create capacity and expand economic activity in the rural agricultural sector upon which the majority of the African people depend for survival.
### 1.7 HYPOTHESIS

This research work is going to be guided by the understated hypotheses that:

i) AGOA has not spurred the level of investment needed to expand economic activity in the rural agricultural sector.

ii) AGOA has not promoted export diversification in the area of clothing and textile industry

iii) The US-African trade relations under the AGOA have not led to poverty alleviation in SSA countries

### 1.8 METHOD OF DATA COLLECTION

There are two broad method of gathering data in social sciences research. They are the **observation method** and **Self-Report Technique**. The observation method involves a direct observation of events as they occur while the self-report technique involves the use of questionnaires and interviews. For the purpose of generating data to test our hypothesis in this study, we used observation technique in which the dynamics of Africa – U.S. trade relation under AGOA were observed. The method help to delineate if AGOA has brought about the kind of investment needed to create capacity in rural agricultural sector, as well as ascertain if AGOAA has helped in export diversification in such areas like cloth and apparel where majority of Sub-Saharan African countries can have a comparative advantage and how these trade relation has brought reduction in the SSA countries.

We also made use of the secondary source, by secondary source, we mean data generated or authored by another person. These are usually data collected from text Books, archives, either in the form of documents, published and unpublished works as well as internet sources to generate data needed to test our hypothesis

### 1.9 METHODS OF DATA ANALYSIS

In the method of data analysis, we used descriptive analysis. This implies reading meaning into cumulative processes so as to reach inferences with aim to establish and interpret relations among relevant variables. Data will be presented using graphs and tables for simplicity and clarity where necessary.
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CHAPTER TWO
THE HISTORY OF US-AFRICAN ECONOMIC RELATIONS AND AFRICA
DEVELOPMENT CHALLENGES

2.1 The Emergence of Independent African States and Shaping of the US Post
Colonial African Policy

For too long, Africa has always been an afterthought in US foreign policy interests. In world war II, Africa was a strategic stepping stone to the places that matters in Europe. However, the Berlin conference of 1884 marked the onset of the United States interest in the region.

The US role in the establishment of Liberia may be regarded as the foundation of a tangible relationship between US and Africa; while the American indirect involvement in the politics of Berlin Conference of 1884 showed that US had once nurtured but did not develop an economic and political interest in Africa before World War II (Banjo, 2010: 1).

In fact it is a general consensus among scholars that the Representatives of the United States attended the conference in Berlin in 1884 – 1885 that sanctioned the occupation of sub – Saharan Africa by the powers of Europe (Baptiste, 2010, Banjo, 2010). However, it must be understood that American territorial and commercial ambitions were more less focused on the Caribbean, the Pacific and Asia as of then. The United States became active regarding Africa after world war I. The creation of the League of Nations and its mandatory system owned much to President Woodrow Wilson. At the Versailles conference, he prevented the outright annexations of the former German colonies in Africa by Britain, France and South Africa. Its representatives to the trusteeship council of the United Nations were among those responsible for accelerating the independence of former mandates like Tanganyika (now Tanzania) Togo, and Cameroon.

Nevertheless, American’s greatest impact on Black African throughout the first half of the twentieth century was made by private missionaries and educators. In fact scholars like
Easum, (2011), and Baptiste, (2005), averred that Many Africans who later led their own independent nations were trained in American seminaries and universities. When the African Nation Congress (ANC) was formed in South Africa in 1912, several of its leaders were lawyers, ministers, and physicians who had studied in the United States. John Chilembwe, an American educated church man fomented a rebellion against British – controlled Nyasaland (Malawi) in 1915, and other American – linked religious separatists were blamed for disturbances in Africa.

What could be said to be Americans official consciousness of black Africa however, began with the Presidency of John F. Kennedy. It was noted by a source from the Wikipedia, the free encyclopedia, that Colonialism was in flight and Kennedy was squarely behind those who had won or were about to win their freedom. During this period in time Washington was wide – eyed in its hopes for democracy in Africa. It was generous in its grants of aids and technical assistance and had engaged in convert intervention to prevent the new nations from tying themselves to the Soviet Union.

Owing to the above, the independence of black African nations emboldened the black power movement in the United States. The example and the rhetoric of the new governments encouraged Black Americans, just as black power in the United States subsequently helped stimulate the rise of a black consciousness movement in apartheid – ridden South Africa. In many ways, the ideological forebears of the African movements of independence and black power were the same; a case in study is the Marcus Garvey’s back to Africa crusade of the 1920s to 1940s (Fowale, 2010 $ Ohaegbulam 1992). In fact many of the Africans who led the congresses and later became national leaders in West Africa had been schooled in the United States and had in cooperated its social and political values.

In fact, it is paramount to succinctly point here that no greater contributions to strengthening the bonds between America and Africa was ever crafted than by Kennedy’s peace corps; which from its inception forged strong people – to – people ties between two very different cultures. By 1989, three thousand volunteers were living in twenty – seven – African countries (Baptise, 2011).

However, Since the Kennedy era, US aid levels have dropped dramatically to $850 million of non – military aid in 1989. Some of Kennedy’s successors like Presidents: Richard
M. Nixon and Gerald Ford aligned the United States with Portugal (which had colonies in Africa until 1974 – 1975) and South Africa. Although major efforts were made during the Presidency of Jimmy Carter to west Namibia from South Africa and assist Rhodesia’s transition to independence. However, President Ronald Reagan’s administration markedly cools relations with black Africa. It noted by Easum (2011), that nearly all the nations on the continent perceived the United States during this period as pro – South Africa and at best ambivalent about the freedom struggle there. “Constructive engagement,” as the American policy was known, depended more on friendship with apartheid rulers of South Africa than on backing the ANC. It was at the very end of the Reagan administration that this policy was reversed, with the passages of legislative sanctions against South Africa. Such pressure and the military stalemate in Angola between Cuban and South African combatants also led by 1988, to a long-sought, US brokered agreement to end South African intervention in Angola and withdraw thirty – five thousand Cuban soldiers and technicians from that country. In 1989 this agreement permitted South Africa to begin giving up control over Namibia’s transitions to independence, which became a reality in March 1990.

Nonetheless, “the scramble for Africa” in the 19th century led European powers to divide the African sub continent into a smorgasbord of colonies, bearing little resemblance to pre-colonial ethnic and political realities (McCormick 2006). In fact the Scramble for Africa, national boundaries in sub-Saharan Africa were established by Europeans using latitude and longitude rather than natural borders. Those states that preserved pre-colonial boundaries have been no more successful. Few countries in Africa have more troubled recent histories than Rwanda and Burundi. Nevertheless, with the emergence of strong and determined independence movements after the World War1, the Europeans hold on Africa began to loosen.

Towards the end of the Second World War, the United States made clear her opposition to European colonialisms in Africa. In March 1947, President Harry Truman announced his intentions to support “free people, resisting attempted subjugations by armed minorities or by outside pressures” (Fowale, 2010: 12).
Though directed at Greece and Turkey, the Truman doctrine became a major source of inspiration for African nationalists resisting European colonial rule.

Owing to the above, there was an Atlantic Charter; a compact reached between President Roosevelt and Prime Minister Churchill at the decolonization of Africa and other colonial territories. The Charter was signed by the duo on a warship off coast of the United States and Canada, and it (the Charter) apparently held out a promise of freedom for colonized peoples in Asia, the Pacific, Africa and the Caribbean, on the part of the United States and Britain. This Charter is known as Atlantic Charter of August 1941.

The Charter included a commitment to see sovereign right of self government restored to those who have been forcefully deprived of them. Following the world WarII, the UN Charter, obligated western power to continue down the path of granting self government and nurturing free political institutions in their colonial territories. (McCormick, 2006:4).

Influenced by the above declaration, Roosevelt State Department established a Committee on Colonial Policy (CCP) in the fall of 1943 and charged it to formulate an overall policy relating to non-self governing territories. The committee produced a three point policy, which is as follows:--

i. Dependent peoples deriving independent should have the opportunity to attain that status;

ii. Nations responsible for the future of colonial areas should fix, as soon as possible, dates upon which independence would be granted; and

iii. The establishment of an international trusteeship system. (Baptise, 2005).

However, it would be apposite to assert here that what prompted the shift in the United States on the colonial question was nothing else order than the advent of the cold war A contestation between the United States and the USSR for supremacy in the global affair.

By 1945 – 1953, however, a shift to “realities” had taken place in US policy on the “colonial question.” One index of this was the United States blindness to the “challenges of the colonial powers.”
It called on those powers to concede immediate freedom to the colonies in Africa and the Caribbean especially, in keeping with the Atlantic Charter. Another index as we are meant to understand was that the San Francisco Conference that founded today’s world body, the United Nations, barely discussed colonial issues. Research has shown that the delegates of the United States and of the European colonial powers saw to that happening. But the “reality” above else that forced the shift of the United States on the “Colonial Question” was the advent of the cold war and, with it, of the missile age of warfare (Baptise, 2005:4).

A corollary to the above was a shift by the United States to “enlightened self-interest” on issues pertaining to colonial “self-government” and/or “self – determination”, everywhere. The expression of “enlightened self–interest” was that of Henry A. Byroads, (Assistant secretary for Near East, South Asian and African Affairs in the state Department.) He used it in an address entitled “the World’s Colonies and Ex–colonies: Challenge to America.” Which he gave before the world Affairs Council of North California at Asilomar, California on October 31, 1953

The policies of the United States states:

Governments towards colonial Questions have not always been clearly understood. Our basic policy, however, is relatively simple. We believe in eventual self – determination for all peoples, and we believe the evolutionary development to this end should move forward with minimum delay. Our government must approach colonial questions in terms of the enlightened self - interest of the United States. We recognise that the disintegration of the old colonialism is inevitable – we recognise that self – determination will not always be exercise in the form of national independence. Some people may choose voluntarily to unite or associate
themselves, on a free and equal basis with the nations which have
governed them in the past. (Easum, 2005: 9).

Moreover, such policy had to balance values relating to anti-colonialism in the
Atlantic Charter and the declaration of the Manchester Congress against factors such as the
attitude of the colonial powers, including the United States herself, to decolonization;
recognition of the economic and other value of colonies to metropolitan powers; and
recognition of the imperative to maintain the security of NATO (and related mechanism) in
the face of the threat posed by international communism as well as the impingement of that
threat on the colonial world.

In fact the United States policy on decolonisation, in the realities of the cold war and
the age of ICBM warfare, had to be developed globally. Owing to that, the vast majority of
sub-Saharan African States obtained independence in the 1960s during a post-war surge of
anti-colonial sentiment and sixteen newly independent African States joined the United

In fact it must be recognised that the US “enlightened self–interest” on decolonization
everywhere could not ignore the attitude of her western and NATO allies in the era of the
cold war. Though he did not mention it in his address, the United States herself was a
colonial power in the Caribbean and in the pacific. For this and other reasons, Washington
decided to adopt a flexible approach to the decolonization issue. There were tensions at times
between the United States and the old colonial powers in Western Europe on specific issues.
There is some evidence that United States representatives collaborated with those of the
European colonial powers in order to plan strategy at the United Nations relating to the so–
called “emancipation debate.” This was done partly to offset expected attacks on the western/
NATO powers by the communist bloc countries and some of the non–communist bloc
countries and some of the non–communist, non-aligned countries in Asia and Latin
America.

In a balancing act, however, the United States decided to let France have her way in
settling the “colonial Question” in her colonies in sub Saharan Africa and in the French
Caribbean. Under the constitution of the Fifth Republic, the French Caribbean (Martinique,
Guadeloupe and French Guiana) and French west and Equatorial African remained tied to France in a neo–colonial relationship called “French community” which was similar to “the common wealth of Puerto Rico” status which the United States settled on Puerto Rico in 1952; and “the kingdom of the Netherlands Act” of 1954, which declared the Dutch territories of Aruba, Curacao and Surinam in the Caribbean to be parts of the Netherlands. The constitution of the fifth Republic, however, was to be adopted by a referendum in France and the overseas territories. Martinique, Guadeloupe and French Guiana in the Caribbean voted “yes” and became department within the French community (Fowale, 2010). However, French Guinea voted “No” and for independence from French. The French government reluctantly acceded to Guinea’s wish. Within two years of Guinea’s independence in 1958, all of the other French colonies in SSA had gained independence, with the blessing of French. The US played a deceive role in effecting this process rather smoothly; and in keeping the new states in Francophone Africa within the western and NATO sphere of influence.

The same was true for the new states in the Anglophone Caribbean and in sub–Saharan African. Of the European colonial powers in the Caribbean and in Africa, Britain turned out to be the one that was most committed to decolonization there. Churchill had charged that paragraph three of the Atlantic charter address the restoration of sovereignty to countries in Europe under the yoke of Nazi Germany, and not the colonies of Africa, the Caribbean and Asia in a famous or notorious speech of 5th October, 1941 in the Guildhall office of the Lord Mayor of London. However, clement Attlee, the leader of the labour party and Churchill’s deputy in the wartime Government of National unity had contradicted Churchill remarks before the West African student’s union in the London just before Churchill’s speech. He had stated that his party, if victorious in the first post–war election, would honour the decolonization pledge in the charter. (Baptise, 2005: 11)
Eventually Labour won that election. However, there developed a certain convergence in the policy of the two major British political parties, labour and the conservatives, concerning decolonization in the British Empire. As shaped by the British colonial office, the approach, following the grant of independence to India and Pakistan in 1947 – 1948 under the degree of US pressure, was to spread out the process for the rest of the colonies in Empire over 10 – 15 years. The United States went along with this. One reason was to afford Britain to rebuild her parlous economic and fiscal position coming out of world warII, by continuing to exploit colonial wealth and trade (Rooven & Solomon, 2009). Time was also needed for the Britain to negotiate continuing, neo-colonial benefits and protections for British and western investments with “acceptable” political leaders in the new states.

The initial British preference was for “conservative” leaders over the “Pan-Africanists” of the Manchester congress of 1945. To this end, the colonial office summoned a conference of Governors of the British colonies and protectorates in sub – Saharan Africa in late 1947; it followed up with an African Conference in 1948. The meeting was attended by carefully selected “conservative” forces in existing non – representative Legislative council in west, East and central Africa were in attendance, also, were observers from the union of South Africa; southern Rhodesia; the High Commission Territory of Basutoland; Belgium; France; Portugal; and Sudan. The “conservative” option for decolonization included reform of existing “indirect” and crown colony rule systems and “federations” in the African territories. These reformed rule systems were to have built – in majorities of “conservatives” forces in, for example, Nigeria and in the white settler’s colonies in East and central Africa (Alden, 2010).

From the foregoing we can see that the granting of political interest and Political Independence to some African Countries in the late 50’s and early 60’s as averred by Banjo marked the end of foreign rule. It also transformed Africa into a major site for super power (United State and USSR) contestation and proxy battle ground for supremacy in global affairs. In the other words the demise of European colonialism made the United States a key player in African politics. This supremacy of the US, as we see from the forgoing has however been challenged overtime by other competitors. At the end of the cold War and eventual demise of the Soviet Union, this challenge faded. The eventual collisions between
both super powers later define the contours of American penetration of Africa, this aside, the U.S had vested interest in post colonial Africa as we are going to establish later in this same chapter but what dominated the United States foreign policies towards African during the period of cold war has been the policy of containment. This policy of containment was geared towards preventing the expansion of communism.

The constant theme of American Foreign Policy during the period 1947-1988, when the ideological struggle for world hegemony between the United States and Soviet Union dominated international politics was containment communism. This theme was a function of the soviet-Union’s ideological and political expansion to Eastern Europe after world WarII and its threat of further expansion to volatile world region outside Europe. The USSR is the world power which its political and economic objectives conflict in the greatest degree with those of the US. As the USSR is the most probable enemy of the US, it is possible that war between the US and the USSR can be precipitated military action by the USSR will contribute their economic and manpower resources (Ohaegbulam, 2010: 17).

Africa, seething with anti-colonialism while under western European imperial control, was viewed by American political leaders as one of the volatile regions outside Europe which appeared ripe for Soviet ideological expansion.

The strategic value of Africa South of the sub-Saharan stems principally from the areas’ geographic location athwart alternate air and sea routes to the Far East, and from its strategic minerals. In the event of war or loss of western access to sea routes through the Middle East, control of sea and air communications through Africa south of the Sahara would be extremely important.

....Recent events increasingly jeopardise our sea and air plane thereby increasing the strategic significance of Africa south of the Sahara. From bases in certain areas of Africa south of the Sahara, the communists could pose a serious threat to communications in
the Atlantic, the Indian ocean, and Red sea, as well as our important north African strategic facilities, the Mediterranean littoral and the flank of NATO, therefore, under these circumstances, our primary strategic interest is to deny Africa south of the Sahara to communist control. (Ohaegbulam, 1992:19).

This perception of Africa as an unstable region persisted after the demise of colonialism and attainment of independence by African States. This fact was reinforced by other scholars like Diemond (2006), Bishop (1992). It is evident from their work that, the overriding strategic goal during the cold war era, was countering the expansion of Soviet Military and political power. In a candid review, the then US Deputy Assistant Secretary for human rights, James K. Bishop, acknowledged that during the cold war, “independent Africa was viewed as yet another playing field on which the struggle between the Soviet and our selves (United States) were to be waged” This is a pointer to the fact that the cold war strategic goal occupied the US policies towards Africa in the era of cold war.

In other words, the prevention of ideological and political penetration of the region by communism was a major objective of US policy towards post-colonial Africa. This policy objective persisted with little or no deviation from approaches established by Eisenhower administration through those of Ronald Reagan and George Bush.

Again, African’s vast economic potential was one of the most decisive factors that shaped US policy towards the continent after War WarII (see, Fowale, 2010, Goss 1956, Wilmer 1973). The entire economic and military infrastructure of the United States relied heavily on important mineral from Africa.

The United States has considerable interests in Africa's economic development. In an era of increasing international economic competition and rapid globalization, the United States will not neglect a region as enormous as Africa, with over 10 percent of the world's population and a wealth of untapped natural resources. (Dulanyi & Booker 1998: 3).
According to the duo, Economic development in Africa will benefit the United States by producing stronger and larger emerging markets for U.S. exports and by enabling African nations to participate more in addressing problems that transcend national and regional boundaries, such as environmental degradation, international crime and terrorism, migration, and regional security matters. Sustainable development in Africa will also dramatically reduce the need for, and costs of, humanitarian assistance and intervention that have surpassed development assistance levels for Africa in too many recent years. As Africa grows and becomes more integrated into the global economy, trade and investment will completely replace official development assistance as the fuel for further economic expansion, ending the era of aid dependency. This point was very much concurred by Ohaegbulam.

The potential resources of Africa are needed on the side of the free world to aid in the preservation of US security. These resources could be seen as political and psychological as they are economic and military.... The United States imported a substantial proportion of its total domestic consumption of certain minerals from Southern Africa (Ohaegbulam, 1992: 17).


The minerals of Africa and the Caribbean played a role in the victory of the Allies in world warII; in addition, Africa was a producer of other materials of great strategic importance to the world’s power: rubber, sisal, hides, bauxites, cobalt, industrial diamonds, pyrethrum, radium, uranium, vanadium and wolfram. (A source from Wikipedia; the free Encyclopedia 2004: 18).

During the peak of world warII, Africa supplied about 17percent of the world’s cooper; 19percent of the manganese; about 24 percent of vanadium; 39percent of the chrome; 50 percent of the gold; close to 90percent of the industrial diamonds; and all of the
uranium and the United States was a major importer of this material. He further stressed that, on 1949 – 50 data, colonies produced the following percentages of the non – Soviet world supply of material: 21% of copper; 26% of chrome ore; 40% each of tin and phosphate rock for fertilizer; and 50% each of bauxite, manganese ore and rubber, in addition, they produced a very large percentage of specialized agricultural products, such as cocoa, beans, copra, groundnuts, palm oil, kernels and sisal. Baptiste (2005). It could be this America’s interest in the “mineral and oil-rich” parts of the continent that explains the “mineral curse” or paradox of wealth which characterizes post colonial African society.

Nonetheless, The main trend regarding the history of U.S. foreign policy since the American Revolution is the shift from isolationism before and after World War I, to its growth as a world power and global hegemony during and since World War II and the end of the Cold War in the 20th century. Since the 19th century, US foreign policy also has been characterized by a shift from the Realist school to the Idealistic or Wilsonian School of international relations. However, in the mid 1990, the US foreign policy toward SSA was characterized by deference to the major European powers. From the foregoing, it is evident that United States foreign policy affirms its alliance with the United Kingdom as its most important bilateral relationship in the world, evidenced by aligned political affairs between the White House and 10 Downing Street, as well as joint military operations were carried out between the two nations. The source from the Wikipedia also shows how Britain and the United States discussed the situation in Africa then in the context of the cold war, and concluded that independence under “Pan-African” leadership was the better way to protect their interest. The British foreign office feared that too rapid a move to independence might “expose these volatile and unsophisticated peoples to the insidious dangers of communist penetration.” Intransigence, however, might provoke the “Pan-African” leaders “to turn more rapidly towards the Soviet Union.” And, thereby, create opportunities where “sooner or later the Russians will make a major drive against our positions in Africa.” Africa was too important strategically to allow this to happen. So nothing characterizes the US policy towards Africans than cold war policy considerations.

. From the foregoing we can see that American’s foreign policy towards Africa has not been static rather the policies of the United States towards African has been considered by
the need of the moments. This policies in other words has been veering towards different polices shifts. The United States and Africa have had a strenuous relationship marred by uncertainties and dogmatic policy shifts. The little attention African received revolved around war, conflict and famine. Though the attention paid to Africa by the Western media today is largely or could be seen as the same, the United States could be said to be undergoing concerted policy shifts towards engagement with African continent.

2.2 The Economic Challenges Confronting African States at Independence

The historical pattern of contemporary African’s economic growth provides insight to help us understand African’s current economic situation and policy options but before we delve into the economic situation plaguing independent African States, it would be pertinent to stress that the economy of Africa consists of the trade, industry and resources of the people of Africa. As of 2006, 922 million people approximately, were living in 54 different countries. Africa by far is the world's poorest inhabited continent. Though parts of the continent have made significant gains over the last few years, of the 175 countries reviewed in the United Nations' Human Development Report 2003, 25 African nations ranked lowest amongst the nations of the world (United Nations' Human Development Report 2003).

There is no doubt that the events after the world warII brought about a growth in African economies as raw materials were sought to rebuild the shattered economies of Europe and some countries that were torn down by the war. Scholars such as Fowale (2009) and Fowale (2009), quite concurred that African economies boomed during the 1950s as growth and international trade multiplied beyond their pre-war levels. The insatiable demand for raw materials in the rebuilding economies of Asia and Europe and the strong growth in North America inflated the price of raw materials. By the end of the colonial era in the 1960s, there was great hope for African self-sufficiency and prosperity.

Between 1960-1973, which is the period immediately following independence in most African Countries, economic growth was reasonably strong in much of sub-Saharan Africa (SSA). The
subsequent two decades were, however, a period of stagnation or decline for most countries. Hammond (2010:3),

However, the post colonial economic, political, and social challenges facing the young African States were immerse. By almost any conceivable measure, sub-Saharan Africa’s record in achieving development in the postcolonial era has been little short of calamitous. According to a report released in conjunction with the 2004 World Economic Forum, “there should be no doubt that the worst economic disaster of the 20th century is the dismal growth performance of the African continent.”

The world economic decline of the 1970s, rising oil prices, corruption, and political instability hit Africa hard. In subsequent decades Africa has steadily become poorer compared to the rest of the world; South America experienced solid growth, and East Asia spectacular growth, during that same period. According to the World Economic Forum, ten percent of the world’s ‘poor’ were African in 1970; by 2000, that figure had risen to 50 percent. (See, Naumann, 2010, McCormick, 2006).

Most African countries experienced a sharp decline in their growth trends at some point between 1973 and 1980, followed by persistent stagnation until the early 1990s. Average SSA per-capita GDP reached its minimum point in the mid 1990s, and still had not recovered to 1970s levels in 2005.5 High economic growth volatility is a common feature in SSA countries’ historical trends. (source: world Bank; African Development Indicators of October, 2007:4-5).

Following the information from “The World Bank, Africa Development Indicators 2007”, we observed that Individual African countries have shown widely divergent economic growth performance. A recent study found that in a group of 36 African countries, 22 countries exhibited reasonably robust growth before the long period of stagnation. The remaining 14 either experienced sharp growth fluctuations or showed persistent stagnation at growth rates below 1.5 percent throughout the last three decades. In this study, the high growth rates achieved by Botswana and Mauritius stand out. The consequence of the long
period of stagnation for a large number of African economies, combined with high population growth rates, is that little or no progress has been made in raising the standards of living in these countries. Many African countries have experienced a decrease in the standard of living. Between 1960 and 1994, out of 35 SSA countries for which comparable data exist, 16 suffered at least 20% loss in income per capita measured in 1985 constant US dollars. Most of the losses were registered after 1975. In contrast to SSA, developed countries have sustained a remarkably steady per capita growth of approximately 2% for about 100 years, and some newly industrializing countries have maintained income growth rates above 3% for nearly three decades, thus enabling them to gain significant ground on the industrialized countries.

Sub-Saharan Africa’s resilient economic growth performance over the past decade suggests that it may have achieved a milestone in its quest for sustained growth. SSA’s economic performance from 1995 to 2005 “reverses the collapses in 1975-1985 and the Stagnations in 1985-1995.” Its growth has averaged 4.0% between 2000 and 2005, compared with less than one percent during the early 1990s. In 2006, GDP expanded by 5.6% in SSA. Also, the growth seen in the current period is less volatile and more evenly distributed among African countries than in the past. Twenty-two countries (out of a total 48 Sub-Saharan African countries) have had average growth rates of 4% or greater during the past five years, as compared with only four countries in the first half of the 1990s. In 2006, half of the SSA countries experienced growth of 5% or more. This improved economic performance may reflect many factors, including better governance, increased trade flows, strong commodity prices, rising aid flows (The World Bank, Africa Development Indicators 2007: 9).

Today “Africa is the poorest continent on earth, and the only one that has actually grown poorer over the last 30 years. Despite Africa having 10% of the world’s population,
Africa only accounts for less than 2% of the world’s production. Despite the region’s improved economic performance, the economic challenges facing Africa remain enormous. African countries are vulnerable to volatile weather conditions, commodity prices, and political events in parts of the continent. Many economies in Africa depend on one or two commodity exports, which leave them vulnerable to exogenous factors. They are also said to generate too little savings and attract too little investment. According to the UN Economic Commission for Africa, Africa must devote at least 25% of its GDP to investment to achieve sustainable growth.17 Yet, World Bank figures indicate that gross domestic investment (public and private) in Africa only accounted for 19% of GDP in 2005.18 Net foreign direct investment (FDI) at $11.3 billion was the equivalent of 2% of GDP in 2004. While FDI worldwide remains stable, FDI flows to Africa as a percentage of flows to developing countries as a whole have fallen from approximately 25% in 1970 to 5% in 2004.19 GDP growth is positive for Africa as a whole, but average population increases of 2.7% in the 1990s have caused per capita GDP to fall during much of the period. SSA’s real per-capita income was $572 in 2005 compared with $590 in 1980 (See, World Economic Outlook Database, October 2007, World Bank, World Development Indicators Online, October 16, 2006, International Monetary Fund, World Economic Outlook Database, October 2007).

Most African countries experienced a sharp decline in their growth trend at some point between 1973 and 1980, followed by persistent stagnation until the 1990s (Langton, 2008). According to him, average SSA per-capita GDP reached its minimum point in the 1990s and still had not recovered to 1970 levels in 2005 (Langton, 2008). High economic growth volatility is a common feature of sub-Saharan Africa countries historical trend. In four decades alone SSA’s average per-capita income growth of 0.9% lagged behind that of other developing countries by 1.5% and approximately 3% below that of the high performing Africa (Botswana and Mauritius) economies.

Since independence Africa has received far more foreign aid than any other regions in the world, more than $300 billion of western aid has been sunk into Africa, yet most States are effectively bankrupt, weighed down by debt, and failing to provide even minimum public services.
Most African countries have lower per capita income now than they had at independence. Half of African’s 880 million people live on less than $1 a day. The entire economic output of Africa is under $420 billion that is just 1.3% of the world GDP. Less than the GDP of Mexico (Hammond, 2000:3).

The cause of the poor economic performance of African continent is partly due to its turbulent history. The decolonization of Africa was fraught with instability aggravated by cold war conflict. Since mid-20th century, the Cold War and increased corruption and despotism have also contributed to Africa's poor economy. The poorest states are those engaged in or just emerging from civil wars (United Nations' Human Development Report 2003). These include the Democratic Republic of the Congo, Sierra Leone, and Burundi. In recent times, the poorest region has been the Horn of Africa, although it had historically been one of the wealthiest regions of sub-Saharan Africa. Ethiopia in particular had a long and successful history. The current poverty of the region, and the associated famines and wars, has been a problem for decades.

War is agonizing as it is devastating and this has continue to be the bane of the post colonial African states, in other words, Africa has seen dozens of wars, both civil and international. In the Scramble for Africa, national boundaries in sub-Saharan Africa were established by Europeans using latitude and longitude rather than natural borders. Just we pointed out earlier the scramble for Africa in the 19th century led European powers to divide the African sub continent into a smorgasbord of colonies bearing little resemblance to pre-colonial ethnic and political realities (McCormick 2006). The artificial borders of modern African states cut across cultural, tribal, linguistic and religious boundaries, creating ethnic and religious cleavages which impede national unity and induce internal violence. This has contributed to poverty because states have spent their scarce resources on military equipment and supplies. Development has suffered since warfare and insecurity in African countries have scared off foreign investors, destroyed infrastructure, and created lasting animosities.
Violence in Africa has increased following the Cold War. Despite the slashing of foreign aid spending in developed countries, civil wars have raged throughout the African Great Lakes region, Somalia, Sudan, Mozambique, Liberia, Sierra Leone, Ivory Coast, and Guinea-Bissau. International wars include the First and Second Congo Wars between the Democratic Republic of the Congo and its neighbors, and conflict between Ethiopia and its former province Eritrea.

No less than 28 Sub-Saharan African states have been at war since 1980”, as pointed out by international development organization. There have been numerous civil wars and conflicts going in Africa, some of which are still going on, including Angola, which has seen an estimated 500,000 people killed since 1989 and an estimated 3 million refugees. It is also being torn apart due to resources such as diamonds and offshore oil, with various factions fighting for these prizes, supported by multinational corporations and other governments. Some of these nations are also involved in the war in the Democratic Republic of Congo (DRC) and the DRC is also involved in some of these civil wars (Ashgate, 2008: 9)

Recent years have seen many regions of Africa involved in war and internal or external conflict, from the seven or so countries directly involved in the Democratic Republic of Congo (DRC) to the Sierra Leone crises and the war in Ethiopia/Eritrea and the various other civil wars (Shah, 2010). In conflict deaths, Virgil Hawkins, in his document: New world Maps, Stealth Conflicts, December 30, 2008 notes that there have been over 9 million refugees and internally displaced people. According to him, while refugee numbers in recent years have declined, the number of internally displaced has risen. We will use a diagram to illustrate this as we can see below.
Source: UNHCR, Statistical Database. (www.globlissues.org)

The death toll from conflict in the Democratic Republic of Congo (DRC) is literally one thousand times greater than that in Israel-Palestine, yet it is the latter, that is the object of far greater media coverage and where the intricacies and nuances of the conflict, political situation and peace process are almost obsessively analyzed and presented. African conflicts are frequently brushed off and dismissed as being chaotic, or worthy of some vague pity or humanitarian concern, but rarely of any in-depth political analysis. In a separate article breaking down the conflict deaths since the end of the Cold War, Hawkins notes over 9 million of these deaths occurred in Africa (See, Virgil Hawkins, What’s death got to do with it? Stealth Conflicts, December 12, 2008). It quickly becomes obvious that conflicts have dominated the agendas of actors (policymakers, the media, the public and academia)
and often are relatively small in scale compared to many of those that have consistently failed to attract attention.

Even when there is coverage of conflicts in Africa, the death toll has little to do with the levels of coverage. Darfur made a rare appearance on the radar of Western concern in 2004 at a time when the known death toll from conflict there was still 80 times smaller than that in the DRC. Similarly, political violence in early 2007 in Zimbabwe resulting in one death and a number of arrests and beatings of political leaders became the object of relatively high levels of attention and indignation in the Western media. At almost exactly the same time, political protest in Guinea was put down by government forces that fired indiscriminately into crowds of protesters resulting in a total of 130 deaths and numerous arrests. Also at the same time, street battles between government and opposition forces in the capital of the DRC resulted in between 400 and 600 deaths, and resulted in the exile of the opposition leader. Yet this violence in Guinea and the DRC was virtually ignored by the Western media (Virgil Hawkins, 2008). In other words the international media downplay the level of the violence, the death tolls and people displaced as a result of war in the African countries.

Apart from war and death toll that have been at alarming rate in African continent, the continent is also buffeted by the menace of AIDS that are killing African youths in small measures. In other words a new problem of vast magnitude in Africa, is the rise of HIV/AIDS in Sub-Saharan Africa. AIDS, whose spread correlates with poverty, has nevertheless hit hardest in some of the wealthiest African countries, including Botswana, Swaziland, and South Africa. AIDS has decimated or will decimate the working-age population of many states. As parents die or become unable to work, their children must find care elsewhere, adding to the burden of already struggling families and states. According to the list drawn up by the United Nation Development Programme, all 25 countries that rank the lowest in terms of human development are in Africa. While Africa has just 10% of the world’s population, it has been estimated to have 70% of the world’s HIV/AIDS cases. It was also noted that closely linked to geography is the problem of disease in Africa. The tropics are more hospitable to disease than the colder climates. The most significant illness
has long been malaria. Since the tropical regions are poorer, pharmaceutical companies are reluctant to invest in curing the diseases of the region. Disease reduces productivity and creates a health care cost burden.

The HIV/AIDS crises in Africa represent the worst plague in human history and the worst most serious threats to the continent’s future. According UNAIDS, Africa is home to more than 28 million of the 40 million people worldwide living with HIV/AIDS. More than 6,000 Africans die of AIDS every day. The social and economic effects of the HIV/AIDS crisis are devastating entire countries, and life expectancies are plummeting across the continent (Banjo, 2010: 145).

The HIV/AIDS pandemic strain African economies and threatens to curtail future economic growth. The point estimate of SSA’s incidence of HIV/AIDS was 6.1% in 2005, and ten countries in southern Africa had incidence rates of over 10%. Botswana, long considered one of the region’s most successful economies, had an incidence rate of 24.1%, which is even lower than its peak of 37.3% in 2003. Life expectancy in Botswana has fallen to 35 years, and for the region as a whole, it has fallen to 47 years. In Botswana, the prevalence of HIV among those between the ages of 15 and 49 is more than 35 percent. In 12 of the 35 AGOA-eligible countries, more than one in 10 adults are infected with HIV. Because the HIV/AIDS epidemic has become so widespread in sub-Saharan Africa, it will have a devastating impact on firms, national economies, and, possibly, political system. (See CRS Report RL33584, AIDS in Africa, by Nicolas Cook. This menace does not mean well for African nations since it tends towards decimating the active population of African nations and this portends danger for the African economies since this populations comprises the labour force of African nations.

The costs of HIV/AIDS, including importation of anti-retroviral AIDS drugs from the West, is a new burden on many African states, leading to the challenging of drug prices and the manufacture of cheap generic alternatives. Banjo, however, asserts that “African
governments and civil society are struggling to address this health emergences and public health infrastructure to provide essential prevention and treatment services though, the new global fund to fight HIV/AIDS are dominated by the interests of the world richest countries.

In recent times, the poorest region has been the Horn of Africa. UNDP’S 2004 list countries by quality of life. The Main article: “Poverty in Africa”. According to the report, Africa’s economic malaise is self-perpetuating, as it engenders more of the disease, warfare, misgovernment, and corruption that created it in the first place. Other effects of poverty have similar consequences. The most direct consequence of low GDP is Africa's low standard of living and quality of life. The quality of life in Africa does not correlate exactly with a nation's wealth. Angola, for instance, reaps large sums annually from its diamond mines, but after years of civil war, conditions there remain poor. Radios, televisions, and automobiles are rare luxuries. Most Africans are on the far side of the Digital Divide and are cut off from communications technology and the Internet. Quality of life and human development are also low. African nations dominate the lower reaches of the UN Human Development Index. Infant mortality is high, while life expectancy, literacy, and education are all low. The UN also lowers the ranking of African states because the continent sees greater inequality than any other region. The best educated often choose to leave the continent for the West or the Persian Gulf to seek a better life (Hastedt, 2004, Encyclopedia of American Foreign Policy).

This is not made easier by famine in the region. Following a data from Wikipedia, free encyclopedia, catastrophes cause deadly periods of great shortages. The most damaging are the famines that have regularly hit the continent, especially the Horn of Africa. These have been caused by disruptions due to warfare, years of drought, and plagues of locusts.

It is noted in the Wikipedia that an average African faced annual inflation of over 60% from 1990 until 2002 in those few countries that account for inflation. At the high end, Angola and the Democratic Republic of the Congo both saw triple-digit inflation throughout the period. Most African states saw inflation of around 10% per year (sourced from Wikipedia, free encyclopaedia).
While no African nation has joined the ranks of the developed nations in the Organization for Economic Co-operation and Development (OECD) yet, the entire continent is not utterly impoverished and there is considerable variation in its wealth. North Africa has long been closely linked to the economies of Europe and the Middle East. South Africa is by far the continent's wealthiest state in total GDP, accounting for 30% of the continent's GDP in nominal terms and 24%. The small but oil-rich states of Gabon and Equatorial Guinea round out the list of the ten wealthiest states in Africa (see, Jones & Kegley 2007).

The temperate northern and southern ends of the continent are wealthier than tropical sub-Saharan Africa. Within the tropics, East Africa, with its long pre-colonial history of trade and development, has tended to be wealthier and more stable than elsewhere. Islands such as the Seychelles, Reunion, Mauritius, and Cape Verde have remained wealthier than the continental nations, although the unstable Comoros remains poor.

The causes of Africa’s slow and stagnant economic growth have been a source of debate among development economists. According to Meredith (2010), “how can one explain such a mineral rich continent, with such tremendous agricultural and tourist potential, literally growing poorer?” such question has agitated the minds of scholars and analysts alike for a very long time without a general consensus as to what could be a sole reason for African stagnant and poor economic performances.

Analysts (Hammond 2010, McCormick 2006, Langton 2008, Meredith 2010, Robert Guess), have cited poor governance, political instability, geographic features and historical conditions such as colonialism etc as different reasons for Africa’s economic malaise. According to McCormick, most African leaders that guided their nations to sovereignty proved inadequate to the task of post-independence state building. As averred by him, Gross national product (GNP) per capita grew at low rates during the first thirty years of independence, significantly trailing other develop regions. One school of thought emphasizes domestic causes as the principle obstacle to African’s economic growth. The internal constraints include:

i. Fiscal and monetary policies that have exacerbated inflation and damaged competitiveness;
ii. Low savings levels and a consequent shortage of investment capital;

iii. Small insufficient domestic markets;

iv. Inadequately financed infrastructure and transportation system;

v. Low productivity resulting from poor health and education;

vi. Protectionist trade policies that raise prices for inputs and;

vii. Elevated costs of doing business resulting from corruption, mismanagement and inefficient regulation (McCormick, 2006).

In connection to the above causes, Meredith, (2010), observes that most African Countries have suffered grievously at the hands of their “‘Big men’” and their “‘ruling elites.’” Corruption encouraged social inequality, because the wealthy elite not only avoided investing at home, but also imported most of its consumption. Desirable luxury goods were generally not locally available. This hindered the development of national markets. Historically, economic development is closely linked to the creation of a middle class with enough income to save and invest but limited influence on governance. In countries without such a middle class, development is all but impossible beyond resource extraction. The preoccupation of Nigeria “Big men” and “ruling elites” as averred by Meredith, above all, has been to hold power for the purpose of self enrichment. They as he averred, drained away a huge proportion of their State’s resources and much of the wealth they have acquired have been squandered on luxury living or stashed away in foreign investment. Its war, its despotisms, its corruption, its drought, its everyday violence, presents a crisis of such magnitude that it goes beyond the reach of foreseeable solutions (Meredith, 2010).

A report prepared for the African Union estimated that corruption costs Africans $148 billion every year. That is more than a quarter of the continents entire Gross Domestic Product (GDP). The World Bank reports that 40% of Africa’s private growth is held offshore.

Another school of thought attribute or emphasizes external constraints as the key impediment to African development. These external explanations include:-

i. Unsustainable debt burdens stemming from the abusive lending practices of foreign banks;
ii. Declining terms of trade resulting from depressed commodity prices

Often the approach of governments in Africa was to borrow heavily from abroad and use this aid to grow the economy to a level that the loans could be paid off. Sporadic growth during the years after independence continued. The countries focused on exports to pay for these development efforts. The 1973 energy crisis hit sub-Saharan Africa as hard as anywhere in the world (Wikipedia, free encyclopedia). While some nations were net exporters, most were heavily reliant on imported fuels. Economies quickly began to falter and events such as famines hit Africa in the 1980s. The collapse of the Soviet Union, which had supported socialist and collectivist projects throughout the continent, undermined the legitimacy of such an approach, while it also meant that there were no longer any sources of international aid to help pursue this approach. However, there are a few successful socialist endeavours in Africa which have led to growth or increasing wealth in a small handful of African countries such as Libya and Angola.

Thus in the 1980s, socialist ideas were discarded throughout almost the entire continent as capitalism became seen as the route to salvation in what became known as the Washington Consensus. By 1990, forty of the nations of Sub-Saharan Africa had agreed to follow rigorous IMF restructuring plans. IMF recommendations saw the continent's currencies drop by an average of 50%, the selling off of government-owned industries, and the slashing of government spending. After twenty years, however, these methods have seen as little success as the socialist approaches of the previous era. Average growth increased from 2.3% per annum to 2.8% (see, Oyeshola, & Lawal, 2009). Only a handful of African states reached new levels of wealth, and many others became poorer over the course of the 1990s. Today there is a great deal of controversy on why this failed. One school of thought is that the reforms failed because they were only economic in nature and without democracy and the rule of law development cannot occur.

Precarious economic situation confronting the African nations have become a source of worry to the developed world and has attracted attention from the western world like the United States and international donors, as there have been a constant flow of aids into the
region. Since independence there has been a constant flow of foreign aid into Africa. The benefits of this aid have been mixed. In many cases much of this aid was misappropriated by unscrupulous leaders. According to Diamond, (2005), during the Cold War the main goal of much of the aid money was to win the allegiance of these rulers, and so their misappropriation of the aid was at the very least overlooked. Since the end of the Cold War almost all developed countries have slashed foreign aid spending. Many also allege that the aid that was not stolen was long misdirected. For many decades the leading notion of development was government supervised mega-projects; today many believe that small grants to local businesses would be more effective.

One example of foreign aid which has come under considerable criticism is food aid. In some circles, it is believed that food aid does not solve any fundamental problems and can also lead to a dependency on outside assistance, as well as hindering the development of indigenous industries. Food shipments in case of dire local shortage are generally uncontroversial; but most famines as rightly noted by Cohen (1995), involve a local lack of income rather than of food. In such situations, food aid - as opposed to financial aid - has the effect of destroying local agriculture and serves mainly to benefit Western agribusinesses which are vastly overproducing food as a result of agricultural subsidies. Historically, food aid is more highly correlated with excess supply in Western countries than with the needs of developing countries. (Freedman, 2009, Herring, 2008, Cohen, 1995).

Advocacy for debt relief has become widespread. Each year Africa sends more money to Western bankers in interest on its debts than it receives in foreign aid from these countries. Debt relief is not a panacea, but relieving some of the burden, especially of debts that were run up by regimes for their own benefit, may help the economies of Africa grow and prosper.

The debt burden carried by SSA countries has been identified as a drag on the economies of the region. At the end of 2005, the states of SSA owed foreign creditors a total of $212.9 billion. While SSA’s debt is comparable to other regions in terms of absolute
amount, per capita share ($291 per head), or debt service as percentage of export earnings (6%), its debt burden has been considered onerous because of its high ratio of debt to income. (International Monetary Fund, World Economic Outlook Database, October 2007:5).

Arguments against full and unconditional debt relief include:

- Debt relief punishes nations which have managed borrowing well and do not need debt relief.
- Unconditional debt relief will not necessarily cause nations to spend more in social programs and services, on the one hand, or to solve their financial problems without stifling the economy with the need for more taxes, on the other hand.
- Debt relief may make it more difficult for nations to receive credit in the future.

It has been suggested that any debt relief policy be conditional upon a commensurate reduction in aid.

It would be pertinent at this juncture to assert that the activities of the western world coupled with the conditional loans of the IMFs and World Bank are not helping the African nations in any way. However, it must be noted that from their historical antecedence Africa countries were forcefully integrated into the western structures with their characteristics of capitalistic economy. They became thereby a peripheral appendage (Carter, 2009), that provides natural resources, clean labour for the industrialized process and lucrative markets for the surplus manufactured products of the industrialized world (Mogdoff, 1986). This unequal relationship explains African’s external dependence and structural underdevelopment both of which account for African indebtedness to the west.
One important implication of this asymmetrical relationship between the African Countries and the advanced western capitalist States, is that almost all African countries over a period of time became ‘heavy’ foreign debtors and it must be noted that the origins of African external debt problem are fundamentally, structural, arising from its peripheral relationship with the world capitalist economy.

Sub-Saharan Africa’s massive external debt has been described as a single largest obstacle to the continent’s economic development. It is also a major hindrance to Africa governments’ efforts to respond to the HIV/AIDS crisis, within the context of poverty-nutrition nexus. Over the past two decades, Africa countries have paid out more in debt service to foreign creditors than they have received in development assistance or in new loans. The current international debt relief framework, the heavily indebted poor countries initiatives (HIPC), has achieved minimal success in providing solution to Africa’s debt crisis (Oyeshola & Lawal, 2009, Banjo, 2010). Perhaps, all these could explain the reason why mainstream economic approach to solving the African development with financial, monetary and trade policies can only act as temporary palliatives at best, not a permanent solutions. For half a century now, the continent has been deluged with aid, but this aid has failed to make African any less poor.

Another school of thought attributes some of Africa’s problems to insufficient liberalization. It has been pointed out that while the developed world has insisted that Africa open its markets and eliminates public subsidies, this has been one-sided as the developed world has not opened its markets to agricultural goods from Africa nor has it eliminated agricultural subsidies. At the GATT free trade talks, the African leaders repeatedly request that the developed nations abolish the subsidies they provide their farmers and open their markets to African agricultural goods.

2.3 The 1990s and Political Origin of an Emerging US African Trade Policy

The foreign policy of the United States is the policy for which the United States interacts with foreign nations and sets standards of interaction for its organizations, corporations and individual citizens. The US foreign policies towards African has been
characterised with diplomatic policy shifts. In other words the US policies towards African states have not been statics.

The disintegration of the Soviet Union and communist system is a milestone in world politics. It presents leaders with a challenge to develop creative policies for a new world order of greater international cooperation for world peace and human development and progress. Under Bill Clinton, the focus of US foreign policy was on international economic relations. Though the Clinton administration world view seem unclear at the beginning of Clinton’s Presidency, campaign rhetoric suggested that he held similar opinions about moving beyond containment in the post – cold war era and creating a new world order based on US leadership as the sole remaining super power. (See Furley and May 1998, 149)

During the first four decades of Africa's independence from colonialism, American foreign policy toward the continent was overwhelmingly influenced by global competition between the United States and the former Soviet Union. Africa’s economic development interests as well as American economic interests in Africa were largely marginalized because of the primacy of the Cold War. The end of the Cold War has led some policymakers to conclude incorrectly that there are no compelling reasons for continued U.S. economic engagement in Africa (Diamond, 2005), we must point out here that after the end of the cold war in 1989, the successive US administration of Bush1 adopted a policy of substantially ignoring sub-Saharan Africa.

Cold war was generally believed to have ended with the signing of independence agreement of Namibia in December 1998. ... The turnabout in US priorities was most marked in Horn of Africa. With the cold war over, the United States also lost the urge to intervene in African conflicts. This is most obvious in Liberia and Somalia, all of which were major recipients of US military aid in the early 1980s (Clough, 1992:12).

In fact the neglect of Africa since the withering of cold war is best illustrated by the spreading of chaos and terror on the continent as American and former Soviet client States
disintegrated into anarchy. In 1995, a pentagon report conducted that the US had “very little
traditional strategic interest in Africa.”

In his defining statement on Clinton’s policy to new Africa, secretary of States, Warren Christopher candidly acknowledged that:

During the long cold war period, polices towards Africa were often
determined not by how they affected Africa, but by whether they
brought advantage or disadvantage to Washington or Moscow.
Thankfully, we have moved beyond the point of adopting policies
based on how they might affect the shipping lane next to Africa
rather than the people in Africa. (Christopher, 1993:2).

Until recently, U.S. economic policy toward Africa has depended on the provision of aid as
the principal instrument for advancing U.S. interests. Though subordinate to Cold War
imperatives, development concerns have also been a part of the motivation for U.S. aid to
Africa. Whereas in the 1960s, the focus was on "promoting growth," the 1970s witnessed a
shift in emphasis to poverty reduction and meeting "basic human needs." During the 1980s,
aid predominantly focused on support for "structural adjustment," or stabilization programs,
and trade liberalization to encourage economic recovery and growth. In the 1990s, aid has
since shifted to promote good governance and political democratization as a precondition for
economic development.

More recently the Clinton administration has stated that the primary goal of U.S.
economic policy toward Africa is to support sustainable development and to quicken the
pace of that development, to boost U.S. trade and investment. In many ways, sustainable
development embraces all the primary objectives of the preceding decades and represents a
better and more integrated understanding of Africa's development challenges. (See, Langton
& Diamond). But regardless of the particular orientation of U.S. economic policy toward
Africa over the years, its effectiveness has always suffered from the low priority it received
within the prevailing foreign policy agenda and within the foreign policy bureaucracy.

Moreover, by limiting economic relations with Africa to those of aid-donor and aid-
recipient, instead of promoting real partnerships utilizing a full range of aid, trade,
investment, the United States wrongly casts Africa as a region of little economic significance or potential.

Frustrated by this legacy and cognizant of the economic dynamism now manifesting itself on the continent, legislators recently introduced proposals in Congress that encourage reorienting U.S. economic policy by promoting American private-sector (Dulany and Booker 1998). Rarely in the history of U.S.-Africa relations have American’s economic interests in the countries of the African continent received as much high-level attention from policymakers, business people, analysts and the media as they have than in 1997. The Independent Task Force on U.S. Economic Relations with Africa, sponsored by the Council on Foreign Relations, played a key role in this process of increasing interest and broadening public education on Africa's growing importance to the United States.

In 1997, Washington paid unprecedented attention to Africa and its continental rebirth. Both First Lady Hillary Clinton and U.S. Secretary of State Madeleine Albright toured the continent. President Clinton unveiled the "Partnership for Growth and Opportunity in Africa" to promote greater trade and investment in the region. (Dulany & Booker, 2008:2).

The duo also went further to stress that The independent Task Force on Promoting U.S. Economic Relations with Africa, sponsored by the Council on Foreign Relations, found that recent initiatives to strengthen U.S. policy toward Africa fall short of what is required. The Task Force recommends a more comprehensive approach that integrates policy in the areas of foreign assistance, trade and investment, and debt reduction. The Task Force calls for the White House to promote economic relations more effectively, given the opportunities that Africa's renewal offers, not only to African nations and the United States, but the larger global community as well.

Specific recommendations for U.S. policy include:

- passing legislation to increase African access to U.S. markets;
- creating enterprise funds to mobilize greater American private sector investment in Africa;
Establishing a U.S.-African economic Forum and initiating plans for free trade agreements with African countries or groups of countries;

- designating a director for African economic affairs and coordinating efforts under the "Partnership" program;
- funding existing commitments to international organizations important to African development, including the International Development Association, the African Development Bank and Fund, and the United Nations;
- Pushing for an accelerated, improved, and flexible implementation of the HPIC framework for debt relief in Africa, with an emphasis on restoring the creditworthiness of strongly reforming countries (Dulany & Savage, 1995).

The Task Force is convinced that a new policy promoting economic relations with Africa must be driven more effectively by the White House than in the recent past, that it must strengthen the complementarily of development assistance programs and the new trade and investment initiatives, and that it must include new human and financial resource commitments to promote greater U.S. economic engagement in Africa. In addition, a new U.S. economic policy toward Africa necessitates both greater U.S. leadership in efforts to reduce Africa's unsustainable debt burden and payment by the United States of outstanding commitments to international organizations whose programs are critical to Africa's economic development.

To create an expanded economic partnership with the African continent, the President with the cooperation of Congress must broaden the proposed "Partnership for Economic Growth and Opportunity in Africa" program to include the following elements:

- Trade and Investment
- Passage of an African Growth and Opportunity Act (which increases African access to U.S. markets, creates enterprise funds to mobilize greater American private-sector investment in Africa, increases the number of posts within key federal agencies concerned with U.S. economic policies toward Africa, creates a U.S.-Africa Economic Forum, and initiates planning for free trade agreements with African countries or groups of countries);
Designation of one of the directors for African affairs at the National Security Council to be responsible for African economic affairs and the coordination of efforts under the "Partnership" program;

More aggressive trade and investment promotion in Africa by the Export-Import Bank, OPIC, TDA, and the Commerce Department;

New USDA efforts to utilize existing programs to increase agricultural trade with African countries and to help promote agro-business linkages through its trade-related programs in Africa.

The Task Force also calls on the president to direct the agencies primarily responsible for trade and investment promotion, the Export-Import Bank, the Overseas Private Investment Corporation, and the Trade and Development Agency--along with the U.S. Agency for International Development, to coordinate efforts that facilitate the growth of the African private sector and to facilitate greater links between the American and African business communities. Similarly the Department of Commerce should commit larger numbers of Foreign Commercial Service officers to work in Africa and continue the post of minister counselor for southern Africa. The Task Force also believes that a major Department of Agriculture effort developing the agro-industry in Africa is long overdue. Similarly, the USDA should step up support for research, training, and technical assistance in Africa and promote agro-business linkages through its trade-related programs in Africa (see, Rooven & Solomon 2009).

It would be germane here to point out that, the Independent Task Force on U.S. Economic Relations with began as a Study Group aimed at exploring the contours of current U.S. economic policy toward Africa. The Study Group was organized to have each of four sessions devoted to one of the key areas of U.S. development cooperation with African countries: economic policy reform, development assistance, trade and investment, and debt. The group was transformed into a Task Force to enable its members to adopt a consensus position and advocate in support of specific new directions for U.S. policy on most of these issues.
Today the US government is primarily concerned with curbing international terrorism and ensuring energy security for the US economy in the years to come. As a result, the focus in Africa has been shifted towards the role played by weak and failed countries that foster terrorism and terrorist networks. The US government is engaged in promoting good governance and democratic accountability as a way to curb the latent forces that breed terrorism in Africa. The second pillar of American policy engagement in Africa rests in securing strategic minerals and resources for American consumption.

The United States has continually been concerned with the tenets of democratization, human rights and good governance as solid foundations of the nation state. It is through this combination of governance and accountability followed by free market policies and integration in the world economy that the US purports to deliver economic growth and political stability. Subsequently US policies towards Africa have shifted from the dogma of structural adjustment during the 1980s and early 1990s towards governance and political accountability (Alden, 2000: 358).

This shift was markedly intensified by the events of September 11th 2001, as a result of which the US has begun to focus on the tenets of failed countries and weak governance and a subsequent lack of security within African countries as a potential source of terrorism. As a consequence, the US has stressed the importance of political legitimacy and strong internal cohesion as a means to stem the potential growth of terrorist networks within weak African countries. In fact, the United States views Africa as a potential security risk, emanating from the failure of countries to control their borders and their internal populations adequately (Bromley, 2005). The shift in orientation from marginalization to engagement is largely due to the changing geostrategic realities of the post-9/11 world.

The United States has identified weak African countries with large Muslim populations, especially in Eastern Africa and the broader Sahel region, as being potential sources of international terrorism in the near future. Following September 11th 2001, the
immediate response of the US was to look for means to intervene militarily on the continent in order to pre-empt the growth of terrorist networks within African countries.

However, the shift has moved towards enhancing the military and security capabilities of individual African countries as well as regional security initiatives.

As a result, the US has donated over $100 million to East African countries to train their security and military forces so as to control porous borders more effectively, block means of financing available to terrorists and enforce tougher and more stringent aviation security (Giry, 2004:23).

In Kenya, the US has strategic links with security forces and police in an effort to strengthen Kenyan anti-terrorism capabilities and to enhance the possibility of amphibious landings by US soldiers off the Kenyan coast (Biel, 2003).

Subsequently, changing US strategic interests have yielded the necessity for a greater military presence both tacitly and overtly on the African continent. Not only does the US spend money on strengthening the military and security services of individual countries, they are also actively involved in enhancing their force presence on the African continent through the planned establishment of full military bases as well as what are termed ‘lily pads’ or jumping points. These points are used to refuel aircraft, temporarily accommodate personnel and actively carry out surveillance and covert counter-measures (Barnes, 2005:239).

This is largely due to the growing threat of terrorism, but also to the evolving strategic value of Africa in securing national interests. The threat of international terrorism stemming from and strengthened within African countries is both real and credible. There is speculation and growing concern about weak and failing African countries that are unable to counteract the formation of terrorist training camps within their borders (kraxberger, 2005). Furthermore, there is convincing evidence that terrorist networks are operating within South Africa, Kenya, Niger, Chad, Algeria and probably also in Somalia (Barnes, 2005). Weak African countries and their subsequent porous borders are affording many opportunities for the free movement, training and facilitation of international terrorist networks. Northern
African’s proximity to both Europe and Middle East is cause for concern as regards the spread and movement of international terrorist cells and organizations.

Since the first stirring of African’s independence movements, self determination, freedom, democracy and human rights have been important foreign policy goals for the United States to Africa and this emphasis on the spread of democracy as a key policy tool was still very prevalent in Clinton’s agenda.

Democracy is the one national interest that helps to secure all the others. Democratically governed nations are more likely to secure the peace, deter aggression, expand open markets, promote economic development, protect American citizens, combat international terrorism and crime, uphold human and worker rights, avoid humanitarian crises and refugee flows, improve the global environment, and protect human health (Encyclopedia of American Foreign Policy 2004: 7).

According to former U.S. President Bill Clinton, the best strategy to ensure our security and to build a durable peace is to support the advance of democracy elsewhere. Democracies don't attack each other." In one view mentioned by the U.S. State Department, democracy is also good for business. Countries that embrace political reforms are also more likely to pursue economic reforms that improve the productivity of businesses. Accordingly, since the mid-1980s, under President Ronald Reagan, there has been an increase in levels of foreign direct investment going to emerging market democracies relative to countries that have not undertaken political reforms. Leaked cables in 2010 suggested that the "dark shadow of terrorism still dominates the United States' relations with the world. (Dulany & Booker, 2005)

Until recently, U.S. economic policy toward Africa has depended on the provision of aid as the principal instrument for advancing U.S. interests. Though subordinate to Cold War imperatives, development concerns have also been a part of the motivation for U.S. aid to Africa. Whereas in the 1960s, the focus was on "promoting growth." According to
McCormick (2006), the 1970s witnessed a shift in emphasis to poverty reduction and meeting "basic human needs." During the 1980s, aid predominantly focused on support for "structural adjustment," or stabilization programs, and trade liberalization to encourage economic recovery and growth. In the 1990s, aid has since shifted to promote good governance and political democratization as a precondition for economic development.

More recently the Clinton administration has stated that the primary goal of U.S. economic policy toward Africa is to support sustainable development and to quicken the pace of that development, to boost U.S. trade and investment. In many ways, sustainable development embraces all the primary objectives of the preceding decades and represents a better and more integrated understanding of Africa's development challenges.

The changing geostrategic realities of the post-9/11 world have entrenched Africa as a new strategic destination due to the prevalence of crucial resources and possible markets and the security interests of global powers. The shift in focus towards Africa as a strategic partner in the changing geo-political realities of the contemporary international system has posited the emergence of the so-called ‘new scramble for Africa. This scramble revolves around the widespread interest in Africa’s resource-rich countries as a vital source of security for the world’s economic powers. (Rooven & Solomon, 2009). The reliance on Middle Eastern oil is tenuous at best and wrought with many uncertainties and subsequent security risks. Thus, there is a move in US policy towards engagement with African oil-producing nations as a means to secure alternative sources of crude oil for the US economy. The United States’ engagement in Africa is thus pragmatic and fuelled ultimately by larger geostrategic concerns. Recent engagement within Africa is rooted in the quest of foreign countries to secure access to finite resources and raw materials as well as to open export markets.

The United States has considerable interests in Africa’s economic development. Economic development in Africa will benefit the United States by producing stronger and larger emerging markets for U.S. exports and by enabling African nations to participate more in addressing problems that transcend national and regional boundaries, such as environmental degradation, international crime and terrorism, migration, and regional security matters. (Rooven & Solomon, 2009). To them, Sustainable development in Africa
will also dramatically reduce the need for, and costs of, humanitarian assistance and intervention that have surpassed development assistance levels for Africa in too many recent years. As Africa grows and becomes more integrated into the global economy, trade and investment will completely replace official development assistance as the fuel for further economic expansion, ending the era of aid dependency.

Following the end of apartheid in South Africa, the former President of United States, Clinton instituted numerous measures to help the region and gain increase US trade and investment in the region. In 1994 as averred by Jones, Clinton announced a $600 million aid and investment package for South Africa; he also proposed the partnership for Economic Growth and Opportunity in Africa in 1997 which offered different levels of economic benefits to countries in sub Saharan Africa (SSA) depending on their economic reform measures (Jone, 2009, Banjo, 2010, McCormick, 2006).

At this same period, congress was also developing a legislation that sought to improve US Africa trade relations, with 1994 legislation to implement the Uruguay Round Multilateral trade agreements, congress directed the administration to develop and implement a comprehensive trade and development policy for countries of Africa.

In legislation enacted in 1994 to implement the Uruguay Round Trade Agreement, Congress directed the executive branch to development policy for Africa. The legislative history noted the potential risks the multilateral trade agreement posed to Africa’s small and underdeveloped economies. (McCormick, 2006:7).

The renewed interest in US-Africa relations derived in part from the regions low profile in US foreign policy. President Clinton responding to the congressional directive submitted a report outlining the administration policy in February 1996. The report according to Jones, articulated a strategy based on increasing trade flows, promoting economic reforms, improving the investment climate and strengthening democratic governance. The initial response from congress and non-governmental organization (NGOs) were unenthusiastic. The reports according to detractors consist mainly of a compilation of existing programs.
They resented its blanket endorsement of structural Adjustment Programs (SAP) and derided it for failing to address the issue or problem of Africans’ lingering debt burdens.

After whirlwind diplomatic shuttle in Africa and Europe, George moose, (who was appointed by Clinton to replace Herman Cohen as Assistant Secretary of State Concern in Africa) declared that fostering democracy will be the central plank of the administration policy. The second and third areas of US Africa policy he listed were conflict resolution, followed by trade and investment (Agonafer, 1996:247).

Owing to the above, it has become pretty clear that Clinton’s administration had well thought out plan and policy options with reference to US engagement with Africa. The ‘trade not aid’ campaign which the new regime stoked culminated into (AGOA) Bill that was signed into law by President Bill Clinton on May, 18, 2000 (Banjo 2010, McCormick 2006). This deals with extension of trade 34 SSA countries were designated. While on state visit to Nigeria in August 2000, Clinton also suggested the inclusion of some indigenous items in the list of items to enjoy duty-free and quota – free access into the US market.

The administration prioritised market reform and free trade as a mechanism for development and democratization (See Diamond, 1993, Lanz & Lipset 1988). According to Mill (2001), Bush had argued that “we will work for free trade and freedom from oppression.” Nation making progress towards freedom according to Bush will find that America is their friend, or, as Powel renders it, America will be a friend of all African who seek peace (Mill, 2001). Indeed during a multilateral consultation, Bush stated that “the principles of the AGOA are important for Africa, but they are also important for United States, countries that respect market and the rights of individual are more likely to achieve political stability and the rationale behind this is that strong African democracies with strong economies and healthy population will contribute to a world that is more prosperous for all (May, 2001). From the foregoing, we can see that the policies of the United States towards Africa began to change dramatically around 1990, moving towards a greater concern for democracy, accountability, and human rights.
However, American’s foreign policy record in post independent Africa is not the one in which the US can take unmitigated pride? Although US policy succeeded to a great extent in containing communism in Africa, it generally failed to promote development, democracy and peaceful resolution of conflicts (Diamond, 1995). In fact, it has become a general consensus among scholars like Larry Diamond, (1995), Donald Rothschild, (1995), Rich and .W. Leopold, (1962), John .W. Spencer, (1960), Adewale Banjo, (2011), Jerel .A. Rosati, (1988), Bassy Ate (1988), McCormick (2006), among others who have devoted some attention to the nature and disposition of US interests in and foreign policy toward sub-Saharan Africa, that Africa was clearly of little significance to the white House and thus have elicited minimal attention to American foreign policy crafters before the cold war.

During the first four decades of Africa’s independence from colonialism, American foreign policy toward the continent was overwhelmingly influenced by global competition between the United States and the former Soviet Union. Africa’s economic development interests as well as American economic interests in Africa were largely marginalized because of the primacy of the Cold War. The end of the Cold War has led some policymakers to conclude incorrectly that there are no compelling reasons for continued U.S. economic engagement in Africa (see, Diamond, 2005).

But regardless of the particular orientation of U.S. economic policy toward Africa over the years, its effectiveness has always suffered from the low priority it received within the prevailing foreign policy agenda and within the foreign policy bureaucracy. While African’s rebirth offers greater prospects for a new age of international cooperation with the continent, the current post-Cold War era is equally marked by the industrialized countries’ turning away from much of the developing world, especially Africa. This obviously short sighted trend is not only lamentable, it is dangerous. Yet, absent the emergence of committed leadership from among these same economically developed democracies, the tendency toward narrow nationalism on their part will undermine Africa’s opportunities to promote peace, democracy, and economic development. The need for a strong U.S. role in forging some manner of collective leadership in encouraging renewed international engagement in Africa is inescapable (see, Umbach, 2003).
In the United States, the crumbling of the old conventions that sustained foreign policy throughout much of this century, and the need to redefine the national interests that will guide it into the future, should offer Africa new opportunities for greater engagement with the United States. There now exists a convergence of interests among African peoples' broad objectives of security, democracy, and economic development and the emerging U.S. framework for foreign policy in the 21st century.

Realistically, however, this moment of opportunity could easily be lost. Indeed, the low priority that continues to be given to African affairs by Washington despite this convergence, as well as the unchanged staple of negative stereotypes of Africa that continue to predominate in American attitudes toward Africa, are discouraging (Rooven & Solomon, 2009). These factors underline the need for new and innovative efforts to address the prevailing misperceptions of Africa's progress and of its importance to the United States and the global political economy as a whole.

The continent-wide renaissance in its fragile infancy, the opportunities offered by a redefinition of U.S. interests abroad, and the emergence of a new generation of African leaders suggest that the three years remaining in this century represent the best opportunity ever to end Africa's historic marginalization.

Until recently, U.S. economic policy toward Africa has depended on the provision of aid as the principal instrument for advancing U.S. interests. Though subordinate to Cold War imperatives, development concerns have also been a part of the motivation for U.S. aid to Africa. Whereas in the 1960s, the focus was on "promoting growth," the 1970s witnessed a shift in emphasis to poverty reduction and meeting "basic human needs." During the 1980s, aid predominantly focused on support for "structural adjustment," or stabilization programs, and trade liberalization to encourage economic recovery and growth. In the 1990s, aid has since shifted to promote good governance and political democratization as a precondition for economic development (Giry, 2004).

More recently the Clinton administration has stated that the primary goal of U.S. economic policy toward Africa is to support sustainable development and to quicken the pace of that development, to boost U.S. trade and investment. In many ways, sustainable
development embraces all the primary objectives of the preceding decades and represents a better and more integrated understanding of Africa's development challenges (Banjo, 2009).

At the same time, proposals to restructure and reduce the U.S. foreign aid program raise serious questions about the future of U.S. aid to Africa (with the exception of Egypt). While economic assistance to Africa was regularly undercut by Cold War geostrategic and political issues, thereby retarding sustainable development, the post-Cold War period has been characterized by a sudden dismissal of development assistance on the grounds that it has achieved little positive development impact (see, Banjo, 2009). This trend discounts the fact that efforts to reform aid and focus more on strengthening Africans' capacity to find their own development solutions are still in their infancy, and that aid has only recently been freed of its Cold War constraints. It also ignores the increased opportunities for more effective use of aid in countries that are implementing serious reform programs.

Unfortunately, the convergence of these developments (declining aid levels and increased interest in trade) has led to an often simplistic "trade versus aid" debate over which is the more constructive approach for changing U.S. economic policies toward Africa. Fortunately, efforts to avoid this false dichotomy are evidenced in the revised legislation.

Moreover, by limiting economic relations with Africa to those of aid-donor and aid-recipient, instead of promoting real partnerships utilizing a full range of aid, trade, investment, and debt management instruments, the United States wrongly casts Africa as a region of little economic significance or potential (see, Dulany & Booker, 1998).

Frustrated by this legacy and cognizant of the economic dynamism now manifesting itself on the continent, legislators recently introduced proposals in Congress that encourage reorienting U.S. economic policy by promoting American private-sector.

In fact, a key element in US policy towards Africa is the potential benefit from improved commerce between the two regions, this interest in increasing bilateral commerce began after the end of apartheid in South Africa in the early 1990s. In 1993 the US congress approved the end of anti-apartheid restriction and later that year, commerce Secretary, Ron Brown, led business delegation to South Africa (Jones, 2009).
Several members of congress formed a bi partisan congressional caucus on African trade and investment in response to the first report, “review the President’s policy document and to initiate a broader discussion.” In August of the same year according to Ryan (2006), the House ways and means subcommittee on trade held a hearing on US-Africa trade and investment. In September, trade sub-committee, Philip Crane along with leading members of the African Trade Caucus, introduced the African Growth and Opportunity Acts, the proponents of the bill argued that private sector trade and investment offered African’s best hope for escaping from decades of underdevelopment (Langton, 2008). In May, 2000, Congress approved the legislation in African Growth and Opportunity Act (AGOA). AGOA offers trade preferences and other economic benefits to countries in SSA that meet certain criteria, including progress towards a market economy, respect for the rule of law, and human and workers right.

The Acts directs the President to target technical assistance to government:-

i. To liberalise trade and exports;
ii. To harmonise laws and regulation with WTO membership;
iii. To engage in financial and fiscal restructuring and;
iv. To promote greater agribusiness linkages. The act also includes assistance for developing private sector business associations and networks among US and sub-Saharan African enterprise.

Technical assistance as averred by Langton is also to be targeted to increasing the member of reverse trade mission, increasing trade in service, addressing critical agricultural policy issues and building capacity of African States to participate in the world trade organization, generally, and particularly in service. However, the importance to the U.S. economy of expanding its exports is greater than ever before, as more than a third of economic growth in the United States now results from exports. Within another three years, more than 16 million jobs will depend upon overseas sales, and many American companies are already earning more than half their revenues abroad.

With the recent reintroduction of the African Growth and Opportunity Act in Congress, and the upcoming G-7 economic summit in Denver--where new economic
initiatives on Africa will figure prominently on the agenda--there exists a new momentum for redefining U.S. economic policy toward the continent. The administration is working to finalize proposals for a "Partnership for Economic Growth and Opportunity in Africa" that embraces most of the items proposed in the legislation (Dulany & Booker 2005). These developments, combined with U.S. support for the World Bank/IMF debt-reduction program for Heavily Indebted Poor Countries (HIPC), offer key components for what should become a more integrated U.S. economic policy toward Africa.

The US economy is increasingly dependent on foreign sources of oil as rising demand and declining domestic supplies are causing a growing reliance on oil imports to meet domestic requirements. In other words, the US economy is driven by hydro carbon. Given the emerging instability in Middle East, the US is actively ensuring the security of its energy supplies through diversified sources of oil and natural resources.

According to Peters:

At present, the US imports roughly 50 percent of its oil and policymakers in a precarious situation of securitising the access to oil as fundamental to American national interests. In fact, even as far back as the 1973 oil crisis, energy security has been of primary importance to US foreign policy (Peters, 2004: 196).

US trade with Africa is already considerable. For example, in 1996, US trade with the 12 countries of southern Africa totalled over $9 billion, a level comparable to trade with the 15 Republics of the former Soviet Union combined. Significantly, US exports to Africa have grown over 20 percent a year in recent years. In 1995, US businesses increased their exports to sub-Saharan Africa by 23 percent to a total of $5.4 billion, and in 1996 that figure rose to $6.1 billion. Nevertheless, the US market share in the region at 6.7 percent lags behind Japan’s 7.2 percent and well behind the 30 percent share enjoyed by the European Union. Moreover, with imports from the region to totalling $15.2 billion (See, Dulany & Booker, 2005, Peters, 2004 & Umbach, 2003).
1995, U.S. businesses increased their exports to Sub-Saharan Africa by 23 percent to a total of $5.4 billion, and in 1996 that figure rose to $6.1 billion. Nevertheless, the U.S. market share in the region—at 6.7 percent—lags behind Japan's 7.2 percent and well behind the 30 percent share enjoyed by the European Union. Moreover, with imports from the region totaling $15.2 billion (Dulany & Booker, 2005).

There are trade-related benefits that are available to AGOA–eligible countries. Among these benefits is preferential duty-free treatment for certain articles under the US Generalized System Preferences (GSP). The GSP program is unilateral trade preference regime that allows certain products from designated developing countries to enter United States duty free. Certain categories of articles are identified in statute as ineligible for this duty–free treatment; because they are “import sensitive” AGOA also provides that the President can grant GSP duty-free treatment to all of these articles except one category that is textile and apparel.

The United States conducts a small share of its trade with sub-Saharan Africa. In 2008, the US exported $18 billion to SSA countries, or 1.6% of total US global exports of $1,070 billion. The US imported $86.1 billion from the region, or 4.1% of its total import of $2.090 billion. Total trade (export plus imports) between the US and SSA countries more than quadrupled between 1990 and 2007, from $17 billion to $81 billion. However, the US sub-Saharan Africa as a share of total trade did not increase dramatically from 1997 to 2007, from 1.9% in 1990 to 2.7 in 2007.

1997 US Trade with Africa.

NOTE: All figures are in millions of US Dollars in a nominal basis, not seasonally adjusted unless otherwise specified

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<td>19,924.3</td>
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Source: US Census Bureau, Foreign Trade Division, Data Dissemination Branch, Washington, D.C 20233.

NOTE: All figures are in millions of US Dollars on a nominal basis, not seasonally adjusted unless otherwise specified

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<td>11,166.8</td>
<td>15,824.6</td>
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Source: US Census Bureau, Foreign Trade Division, Data Dissemination Branch, Washington, D.C 20233

1999 US Trade with Africa.
NOTE: All figures are in millions of US Dollars on a nominal basis

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<th>Months</th>
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Source: US Census Bureau, Foreign Trade Division, Data Dissemination Branch, Washington D.C 20233.
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CHAPTER THREE
US – AFRICA TRADE RELATIONS UNDER AGOA

3.1 The Origin of Africa Growth and Opportunity Act

The United States and Africa as we pointed out from the forgoing chapter have had a strenuous relationship marred by uncertainties and dogmatic policy shifts. It was established in the chapter that during the 1990s, American policy-makers and media largely ignored Africa; the little attention Africa received revolved around war, conflict and famine. However, the democratization wave of the early 1990s, the fall of apartheid and the emergence of small cadre of reform-oriented leaders instilled the belief in many observers that the African subcontinent was on the cusp of an “African Renaissance.” The Clinton’s administration encouraged this notion with several high profile visits to Africa in the mid and late 1990s.

Following the end of apartheid era in South Africa in the early 1990s, the United State sought to increase economic relations with sub-Saharan Africa. President Clinton instituted several measures that dealt with investment, debt relief and trade. The US Congress required that the President develop a trade and development policy for Africa. (Banjo 2009: 4).

In 1994, he announced a $600 billion aid investment package for South Africa. In 1997, he proposed the Partnership for Economic Growth and Opportunity in Africa, which offered different levels of economic benefits to countries in sub-Saharan Africa (SSA) depending on their economic reforms (Jones, 2009). While the Partnership for Economic Growth and Opportunity in Africa as proposed by former President Clinton was going, the US Congress was also developing legislation that sought to improve the US-Africa trade relations at the same time. Following the 1994 legislation to implement the Uruguay Round Multilateral Trade Agreements (P.L. and 103-465); the Congress directed the administration to develop and implement a comprehensive trade and development policy for the countries of Africa. Disappointed with the administration’s first report under this provision, some members of the Congress developed a legislation to authorize a new trade and investment policy for sub Saharan Africa. In May 2000, the Congress approved such legislation in the African Growth and Opportunity Act (AGOA; tile I, P.L 106-200).
The purpose of this legislation was to assist the economies of sub-Saharan Africa and to improve the economic relations between the United States and the region. The above point was concurred by the President Bush when he stated that:

All of us share a common vision for the future of Africa. We look forward to the day when prosperity for Africa is built through trade and market. (Sourced from the statement of President George Bush to delegates at the Africa Growth and Opportunity Act Forum in Mauritius, January, 15, 2003: 2).

Reflected in the above statement by President Bush, is the key element in the US policy towards Africa which is the potential benefits between both regions.

AGOA is a trade and investment policy which grant duty free and quota free access to many goods from sub Saharan African countries. It (AGOA) offers trade preferences and other economic benefits to countries in SSA that meet certain criteria (Bon 2006). It is an extension of the Generalized System of Preferences (GSP) program.

The GSP was the first, and remains the primary non-reciprocal preferential trade agreement; however, this type of arrangement has been more recently used as a tool for major powers wishing to extend market access, reinforced reforms and foster other partnerships with Less Developed Countries’ region. (2appile, 2011: 7).

The United State’s GSP Program was enacted in the Trade Act of 1994 but did not become effective until 1976 (McCormick 2006). GSP suggest that some products of some countries can be imported into the US duty free. The underlying principle of GSP Program as averred by McCormick is that the creation of trade opportunities for developing countries is an effective cost efficient way of encouraging broad-based economic development and a key means of sustaining the momentum behind economic reform and liberalization. In its current form, the GSP program is designed to integrate developing countries into the international trading system in a manner commensurate with their development.
As of 2006, the GSP Program grants tariff-free treatment to over 4,600 products from over 140 developing countries. In addition, nearly 1,800 additional products are eligible for tariff-free treatment if they arrive from certain Least Developed Countries (a subset of the GSP population) (McCormick, 2006: 18).

Today GSP (Generalized System Preferences), offers duty free and quota free (apart from textile articles) benefits to over 7,000 tariff lines at the H58-digit level. All the countries currently receiving AGOA benefits are in sub Saharan Africa except Djibouti, which lies at the north of SSA’s region.

There are political and economic requirements for eligibility which exclude several sub-Saharan African countries including Sudan, Somalia, and Zimbabwe, and have since been used to suspend eligibility for Niger, Madagascar and Guinea (Zappile, 2011).

AGOA has several unique provisions. Compared to the standard GSP Program of the US, i. It covers additional 1,800 tariff line items that include certain previously excluded items with significant importance for most developing countries, such as apparel, foot wears, hand bags, luggage etc; and

ii. It includes the apparel provision which, in essence, relaxes the rules of origin requirement, a standard feature of most preferential trade agreements. In addition, Special Rule for Lesser Developed Countries (LDCs) allows duty free access for apparels made from fabric from anywhere in the world, until September 2004. (See Naumann, 2010, McCormick, 2006, Jones, 2009 etc). In 2004, then President George Bush extended the act by seven years to 2015, while also changing the expiry date of special provision (involving rules of origin) relating to garments from 2004 to 2007. Two years later, this was changed to 2012.

Base on the eligibility requirement under AGOA, the US President is authorized to designate sub Saharan African countries as beneficiary countries eligible to receive duty-free treatment for certain articles that are the product, manufacture of that country based on the country’s continual progress towards establishing:-
1. A market based economy;
   i. Market based economy that protects private rights, incorporates an open rule based trading system and minimizes government interference in the economy through measures of price control, subsidies, and government ownership of economic assets.
   ii. The rule of law, political pluralism, and the right to due process, a fair trial, and equal protection under the law.
   iii. Elimination of barriers to the United States trade and investment.
   iv. Economic policies to reduce poverty increase the availability of health care and educational opportunities, expand infrastructure, promote the development of private enterprise, and encourage the formation of capital markets through micro credit or other programs.
   v. A system to combat corruption and bribery, such as signing and implementing the convention on combating bribery of foreign public officials in international business transactions; and
   vi. Protection of internationally recognized workers rights, including the right of association, the right to organize and bargain collectively, a prohibition on the use of any form of forced or compulsory labour, a minimum age for the employment of children, and acceptable conditions of work with respect to minimum wages, hours of work and occupational health and safety.

2 Does not engage in activities that undermine the United States national security or foreign policy interests; and

3 Does not engage in gross violation of internationally recognized human rights or provide support for acts of international terrorism and cooperates in international efforts to eliminate human rights violation and terrorist activity (http://www.agoa.gov).

Accordingly, AGOA gives the right to the US President to terminate the designated sub-Saharan country that does not make continual progress in meeting the requirements stated above.

On October, 2000, President Clinton designated 34 out of 48 sub Saharan African countries eligible for AGOA benefits. Swaziland and Cote t’ivoire were added in the list of January 18, 2001 and May 16, 2002 respectively. The eligibility criteria are almost identical to the ones for the GSP. On December 21, he (President Clinton) granted GSP duty free treatment to more than 1,800 items from AGOA eligible countries. In 2001, the administration declared
that 12 (twelve) AGOA countries had met the additional requirements for duty free and quota
free treatment to apparel and textile (http://www.agoa.gov/index.html).

Furthermore, AGOA accords the President the right to provide duty free treatment for
any of the following articles:

i. Wool yarn made of wool fibre and wool fabrics with an average fibre diameter of 18.5
micron or less, and

ii. Men’s or boy’s suits, suit type jackets and trousers of worsted wool fabric, made of wool
yarn having an average diameter of 18.5 micron or less. The duty free provision is
attached to two conditions such as import sensitivity of articles and the origin of the
articles. Duty free access is granted if the article is not regarded as “import sensitive” in
the context of imports from sub-Saharan African countries.

Secondly, the articles must meet the requirements stated in bullet 1 and 2, and the rules of
origin must be adhered to. This according Diamond (2006) simply means that for apparel, the
yarns and fabrics must be sown from any of the eligible sub-Saharan African countries or from
the United States. Furthermore, the cost or value of material produced in the customs territory of
the United States is included with respect to the article and the amount does not exceed 15
percent of the appraised value of the article. The only countries that are exempted from this
provision are countries that are classified as Least Developed Countries (LDCS) in sub Saharan
Africa which also qualify for the special rule provision (Naumann, 2010; Diemond, 2006;
Flatters 2002). Besides having duty free access to the US market, certain articles from the Least
Developed Countries (LDCs) do not have quantity limitations. Thus textile companies exporting
to the US market from the Least Development Countries (LDCs) enjoy duty free access and can
export large numbers of certain articles to US.

The preferential treatment on duty free and unlimited export quantities applies to the
following:-

i. The apparel articles must be assembled in one or more beneficiary sub- Saharan African
countries and should be formed in the United States if such articles are assembled in one
or more beneficiary sub-Saharan African countries with thread from the United States.

ii. Apparel articles wholly assembled in one or more beneficiary countries with fabric
wholly formed in one of the beneficiary countries and yarns from the United States or
one of the beneficiary sub-Saharan African countries.
However, it is germane to state here that the African investment incentive Act of 2006 was passed by the US Congress in 2006. This act extends the special rule for Least Developed Countries (LDCs) which allows textile and apparel quota and duty free access to the US markets regardless of the source of material used, as long as the assemblage takes place within LDCs of AGOA-eligible countries. The special rule for the LDCs ought to have expired in 2007, but this act extends it to 2012 and increase the cap on square meter equivalents under this rule, back to the initial level of 55% (Langton, 2008). AGOA defines a “Lesser Developed beneficiary sub Saharan African country” as a country that had a per capital Gross National Product (GNP) of less $1,500 per annum in 1998, as measured by the World Bank. (Trade and Development Act of 2000).

However, regarding the issue of amendment to AGOA, it would be paramount to point here, that the Congress passed legislation to amend AGOA four times since its initial passage. In 2002 for instance, United States Congress passed legislation to amend AGOA for the first time through the trade Act of 2002. Important changes pertain to the cap that AGOA had set on imports of apparel assembled in AGOA countries. The trade Act 2002 doubled this cap, increasing it to 7% in FY 2008. The Act, however, left the cap unchanged at 3.5% under the special rule for Lesser Developed Countries (http://www.agoa.info.gov/index).

In July 2004, the Congress amended further through the AGOA Acceleration Act of 2004. This legislation extended the deadline for AGOA benefits to 2015, and it also extended the special rule for Least Developed Countries (LDCs) from September 2004 to September 2007. The rationale behind this change was to encouraged fabric production and vertical integration of the apparel industry in Africa. For apparel imports meeting in 2015, the yarn forward rules of origin, the cap are to remain at 7% until the expiration of the benefit 2015.

Acknowledging that the objectives of AGOA cannot be met through market access alone, the US works closely with African government and businesses to help maximize AGOA trade benefits by launching other trade related initiatives (Bon 2006, Langton 2010).

In fact the centerpiece of the US support for building trade capacity for the last five years has been the $200 million African global competitiveness initiative (AGCI), chief among its programs being to aid African countries make the most of the trade opportunities available under the act. It operates under USAID funded regional hubs in Botswana, Kenya, Ghana, and Senegal.
AGOA’s mandate to encourage trade-related technical assistance is primarily implemented by USAID through the African global competitiveness initiative (AGCI), a presidential initiative which supplanted the trade for African development and enterprise (TRADE) initiative in 2006. The TRADE initiative had supplanted the African trade and investment policy program (ATRIP), which operate from 1998-2003. (Jones 2009) and these initiatives are generally used to focus activities around a common goal, but there are AGOA-related activities that are funded by other initiatives within USAID.

In 2009 alone, following the AGOA news, USAID funded regional hubs that facilitated over $71 million transactions in the textile and apparel, specifically food, cut flowers, and other product categories mostly under AGOA. They in addition continue to address sanitary and phyto sanitary (SPS) issues, especially in the areas of food and safety, plant and animal health, as well as working to improve protection of intellectual property rights (IPRS) (see diamond 2006). This point was concurred by (Banjo 2010, Jones, 2009) when they stressed that USAID funds various technical assistance programs throughout Africa aimed at improving trade within the region and between the region and the United State. USAID as averred by them, support regional effort through its regional competitiveness (trade hubs) which as we mentioned earlier are located in Ghana, Senegal, Kenya and Botswana.

USAID bilateral mission support projects in individual African countries. The mission and hubs work on improving trade policy both regionally and within country governments. They also have programs to improve trade infrastructure such as in transportation and energy, and they have enterprise development programs which often target specific industries such as handicrafts and Shea butter (see http://www.agoa.gov/index ).

AGOA encourages the establishment of private sector linkages between US and sub-Saharan African countries businesses. To this end, USAID as we can see from available sources funds an international business linkage program and South African international business linkage (SAIBL) which is implemented by the corporate council on Africa. SAIBL assists black-owned South African companies to prepare:-

- Business plans;
- Achieve international standard organization certification;
- Participate in US led trade delegations;
- Attend trade shows in the United States; and
Identify public and private sector export financing.

It also assists US firms by identifying trade and investment opportunities in South Africa by steering US firms to appropriate government and private sector contacts, and by identifying sources of financing (Naumann, 2010).

USAID used to fund a similar linkage program for West Africa, the West African International Business Linkage (WAIBL), the regional trade hubs implement many of the same types of activities as SAIBL, except that they focus more on promoting trade in general and not just exports to the United States (Banjo 2010, diamond 2006).

AGOA also hold a relation with the Overseas Private Investment Cooperation (OPIC) (Jones, 2009). Since the enactment of AGOA, sub Saharan Africa has been one of OPIC stated priorities. At the end of 2005, 15% of OPICs total portfolio was in the region.

As of May, 2008, OPICs exposure in the region was more than $2 billion. In FY2006, OPIC supported 14 projects in SSA, or 20% of the year’s 70 projects in total. OPIC has focused on projects to strengthen the region’s basic financial structure and housing sector (Jones, 2009: 21).

With a target capitalization of $875 million, OPIC envisages the support of five new private equity investment funds focusing on SSA, to afford more investment opportunities under AGOA’s region (Diemond, 2006).

OPIC from what we can see, work in Africa and globally through the three basic products including political risk insurance, finance; that is loan guarantees and direct loans, and investment funds in Africa. The first of these new funds is managed by Emerging Markets Partnerships (EMP) and it target infrastructural investments and related industries in Africa. The second funds, “Ethos fund v”, aims at promoting the expansion of medium-sized enterprises in sub Saharan Africa and the manufacturing and services sectors (http://www.agoa.gov/idex). These funds are in addition to three funds currently supported by OPIC which are the $20 million African growth funds, the $110 million modern African growth and investment funds and $2 million African investment fund and all of these three latter funds are currently diverting their assets as initially planned.

Again, AGOA supported the creation of Assistant U.S Trade Representative for Africa (AUSTRA). The purpose for AUSTRA creation is to serve as the primary point of contact in the executive branch for those persons engaged in trade between the United States and the sub-
Saharan Africa and chief adviser to the US Trade Representative (USTR) on trade and investment issue pertaining to Africa.

This position previously had been established by the President Clinton in 1998. One primary function of AUSTRA is to make the yearly determination as to which countries are eligible for AGOA benefits generally, and also its special textile and apparel benefits. The AUSTRA also sponsors projects for WTO training for SSA trade negotiations, provides support for the Trade Advisory Committee in Africa (http://www.agoa.gov/index). AUSTRA produced the AGOA competitiveness report, which was submitted to the Congress on July 13, 2005. Mandated by the AGOA acceleration act of 2004, this report provides an analysis of potential economic growth sectors in Africa, and as well makes recommendations for US technical assistance towards overcoming barriers to growth in those textile and apparel sector.

Following the report of CRS (Congressional Research Service 2004), AGOA expressed the sense of Congress that the Ex-Im Bank should continue to expand its financial commitments to its loan guarantee and insurance programs to African countries. The legislation also commanded the Bank’s sub-Saharan Africans advisory committee for its work in fostering economic cooperation between the United States and SSA. This committee was reauthorized in September 30, 2011 (P.L. 109-438). The 2006 reauthorizations of the Bank reaffirmed the SSA mandate, and also required the Bank to report annually on its efforts to improve its working relationship with the African Development Bank (ADB) and other African institutions. Following the CRS (Congressional Research Service) website and Jones (2009) report, we can see that the Ex-IM Bank does not finance imports into the United States. However, it does provide loans and guarantees for US exports to manufactured goods eligible for import to the US under AGOA. This manufacturing can cover manufacturing equipment, the purchase of US fabric, yarn, and thread necessary for eligibility under AGOA textile provisions or other raw materials or components used for manufacturing (EX-IM Bank, 2006 Annual Reports and EX-IM 2002 Annual Report). EX-IM operates in all 48 SSA countries although Bank activities and eligibility for specific programs vary according to work factor. In FY 2007, EX-IM Bank authorized 127 transactions totaling about $ 424 million in 18 SSA countries.

AGOA also has a relation with US and Foreign Commercial Service (USFCS). In section 125 of AGOA, the Congress found that USFCS presence in SSA had been reduced since the 1980s and the level of staffing in 1997 did not adequately service the needs of the US businesses
attempting to do business in sub-Saharan Africa (Jones, 2009). Owing to the above, the legislation required the posting of at least 20 USFCS offices in not less than 10 countries in SSA by December 31, 2001. USFCS was instructed by the Congress to open offices in Ghana and Senegal, with the stipulation that additional funds would be added to its overall budget (US Trade and Development Agency, 2006 Annual Report). USFCS has mine officers in six SSA countries: Cotes d’ivoire, Ghana, Kenya, Nigeria, Senegal, and South Africa.

Following the 2006 US Trade and Development Agency (USTDA) Report, the commercial service officers seek to facilitate the development of markets for US export in the countries where they are stationed. Officers assisting US exporters provide evaluations of potential business partners in the country, facilitate US exports, provide local financing options, and arrange partner background checks. The Commercial Service Officers also prepare the country commercial guides which chronicle the business environment of the country.

Owing to the above, section 125(c) of the legislation directs the International Trade Administration (ITA) to develop an initiative.

i. To identify the best us exports to the region;

ii. To identify tariff and nontariff barrier that impede US exports to Africa; and

iii. Undertake discussion with Africa states to increase market access for these goods and services. The activity is being carried out by the ITA as we are meant to understand in its market access in compliance Unit (MAC) (FY 2003 Budget Estimates, International Trade Administration); the unit states that U.S firms face entrenched tariff and other trade barriers in many African countries, and that its current nine staffers are not adequate to cover the SSA region in FY 2003, MAC was given budget authority to add four analysis and negotiators to address these issues (FY 2003 international Trade Administration Budget Estimates).

AGOA also had relations with Trade and Development Agency (TDA). Although TDA is not tasked with specific directives in AGOA, it contributes to trade capacity building in Africa by funding project planning studies, including feasibility studies, training programs and orientation visits (Jones 2009). TDA, targets activities that could generate significant U.S export potential that could facilitate access to natural resources that is important to the United States, and that are priorities for host nations and international development efforts.
In FY 2006, TDA obligated funds for 62 projects in SSA for a total of $10.6 million, or approximately 22% of its program (Diemond, 2006). In addition to domestic agency, the United States participates in several multilateral institutions that prove trade capacity building in Africa and other developing countries regions. The World Bank and regional development Bank all provide trade capacity building mainly in form of loans.

The Integrated Frame (IF) is the main multilateral initiative in trade capacity building. It is a process that assists the Least Developed Countries (LDGS) to integrate trade issues into their national development strategies.

The Integrated Frame (IF) work begins with diagnostic study of trade challenges and opportunities in the LDC, and is meant to result in better targeted and coordinated assistance by all donors. (Jones, 2009:24).

Six international institutions collaborate on the IF, including the IMF (Intentional Monetary Fund), IYC (International Trade Center), the UNCTAD (United Nations Conference on Trade and Development), the UNDP (United Nations Development Program), the World Bank and WTO (World Trade Organization). IF is funded by Trust Fund, composed of voluntary contributions from Multilateral and bilateral donors. Total contributions to this Trust Fund equaled $49.66 million as of March 2007, of which the United States contributed $800,000. (See, the integrated framework (http://www.integratedframework.org).

Several issues have been raised in regards to IF (Integrated Framework). IF as we noted earlier was established to achieve greater donor coordination, and it is not yet clear whether or if it will have the effect. In many countries, coordination is an ad hoc activity, achieved as a result of personal relationships rather than through institutional coordination.

The United States has also provided SSA countries with technical assistance and TCB support on a wide range of WTO-related issues such as trade facilitation, services and sanitary and phyto sanitary measures in coordination with the other multilateral institutions, earlier mentioned.

(For more information on that, see 2008 USTR Report; Pg. 40).
AGOA also holds a relation with Regional Cooperation and Free Trade Agreements (RCFTAs). (AGOA) declares the policy positions that freed FTA (Free Trade Agreements). Regional economic agreements among SSA countries are also encouraged in AGOA.

Discussion of potential parties for free trade agreements has revolved around South Africa and SACU (southern African custom union), The Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC), and the West African Economic and Monetary Union (UEMOA) and they have all taken steps to begin the process of economics integration, either through trade liberalization or through steps to promote monetary union.

Further more, other initiatives related to AGOA include: - Trade and Investment Framework Agreements (TIFAs). TIFA is regarded by USTR as important tools for strengthening economic relations with key SSA countries and regional organization (Diamond2006). As of September, the United State has negotiated TIFA with Ghana, Liberia, Mauritius, Mozambique, Nigeria, Rwanda, South Africa, with COMESA and UEMOA regional arrangements. Generally, TIFAS commit signatories to expand trade of goods and services to encourage private sector investment, and to resolve problems and disputes through consultation and dialogue. TIFAS are often considered to be first steps to the negotiation of free trade agreements.

AGOA also holds relation with Trade Investment and Development Cooperative Agreements (TIDCAs) and Bilateral Investment Treaties (BITs). BITs help to protect US Foreign Direct Investment (FDI) and promote economic growth by advancing important reforms and encouraging the adoption of liberal policies that facilitates and support foreign investment.

As of September 2007, the United States signed BITs with Cameroon, Republic of Congo (Brazzaville), Democrat Republic of the Congo (Kinshasa), Mozambique, and Senegal. (2008 USTRSA Report Pg.42). The goals of the BITs are to protect US investment abroad and to encourage market oriented domestic policy in host countries. Generally, BITs are to protect limits on expropriations, free repatriation of funds, limitations on the imposition of trade distorting or inefficient practices on US investments including requirements in hiring and right of submission of investment disputes to international arbitration. These treaties are promoted by the US government as a method of encouraging the development of international law and trade standards within the partner country.
In addition to what we have already mentioned, the US has a TIDCA with Southern African Customs Union (SACU). SACU is a customs union composed of South Africa, Botswana, Lesotho, Namibia and Swaziland. The original SACU agreement dates from the colonial government in 1910 and was renegotiated with the apartheid government in 1969. A new agreement to more fully integrate the smaller states into decision making for the area which was previously dominated by South Africa was signed on October 21, 2002. The agreement is characterized by free movement of goods within SACU, a common external tariff and the common revenue pool which is apportioned among the member states.

In July 2008, SACU and the US signed a Trade, Investment, and Development Cooperative Agreement (TIDCA), whose stated objective was to promote an attractive investment climate and expand and diversify trade between SACU and the United States.

The TIDCA established a platform for bilateral consultations on a range of trade issues, including trade facilitation, technical barriers to trade and trade and investment promotion, but also to act as a stepping stone for a future SACU-US FTA (Neumann, 2010: 4).

This remained a longer term objectives for both negotiating parties and new signals are emerging that this issue may soon be revisited more formally. In the meantime, South African officials have been reported as favoring an extension of AGOA, and for South Africans continued participation and eligibility under AGOA (http://www.agoa.gov/index).

From our findings, we can see that African growth and opportunity act (AGOA) (P.L.10 2000 title I) was enacted to encourage trade as a way to further economic growth in sub-Saharan Africa and to help integrate the nation into the world economy. We must point out here, however, that AGOA is more than just a trade, an aspect that is often neglected or overlooked. It must be recognized that AGOA legislation is a unilateral US trade preference program without a formal bilateral consultation process or independent dispute settlement mechanism, that mean that changes can be made to the legislation at the behest of US policy makers.

Furthermore, the rules of origin are unilaterally determined by the US Congress and are outcome of negotiations among conflicting US interests. All these points to the fact that AGOA beneficiaries have no influence on the rules of origin, which is critical for the AGOA beneficiaries countries to fully benefit from AGOA. In addition to expanding trades between the
US and sub-Saharan African countries are goals such as reinforcing political and economic reforms, increasing access to the US support and expertise, and opening a channel of communications between the United States and Africa for trade and investment policies and concern. AGOA among other things demands that Africa countries:–

i. Eliminate barriers to all US trade and investment. This includes a demand for American firms to be given equal treatment as African firms, as well as for high standards of intellectual property protection as contain TRIPS agreement in WTO.

ii. Pursue further privatization; remove government subsidies and price control. A country in SSA is deemed eligible Based on these demands by AGOA. However, we must point out here, that adopting market based economics does not necessary lead to reduced poverty or creation of jobs. Quite contrary, it often result is increased poverty, inequality and unemployment as our experience with SAP (Structural Adjustment Program) had shown in the 1980s and 1990s.

3.2 The Objectives of AGOA

The main aim or the primary motives for legislating AGOA was to stimulate sustainable and rapid development through trade and investment. This inheres from the belief of US government that trade and investment rather than aid create real and enduring economics growth in Africa.

The Bill proponents (AGOA Bill) agreed that private sector trade and investment offered Africans best hope for escaping from decades of underdevelopment. (McCormick 2006: 2)

Again, AGOA provides trade preference and other benefits to SSA countries that were making progress towards economic, legal and human rights reforms.

AGOA provides preferential access to US market to countries that liberalize trade, promote rule of law, and adopt free market policies. AGOA was passed as an important law to broaden and deepen US relations with the countries of sub Saharan Africa as observed by the
United States official policy. (See office of US trade 2003:1).

In other words, AGOA provides greater duty free access to US market for African countries that adhere to open market reforms. For instance, in 2005, AGOA import including imports allowed under GSP from SSA was $49.9 billions.

In the first months of 2006, AGOA imports were $30 billion or 75% of total US imports of $39.9 billion from the region, considering the AGOA eligibility countries only rather than the entire region. The US imports under AGOA were even higher, that is 81% of US imports were from those AGOA eligible countries in 2005 and open market reforms remains one of the major criterions for participating in the acts’ benefits and AGOA requires an annual review of compliance with AGOA eligibility criteria for each country (Riemann, 2005). So the legislation (AGOA) was designed to do for Africans and sub-Saharan African countries in particular, what Caribbean Basin Initiative did for economic development in Caribbean.

AGOA aims at developing the textile industry in SSA countries as it has the potential to contribute positively to employment creation due to its labor intensive nature.

It (AGOA), legislation directed the President to target US government technical assistance and trade capacity building in AGOA beneficiary countries. This mandate includes assistance to both government and non-governmental actors. In other words the act directs the President to target technical assistance to governments:-

i. To liberalize trade and exports;
ii. To harmonize law and regulations with WTO membership;
iii. To engage in financial and fiscal restructuring and
iv. To promote greater agribusiness linkages. The act also includes assistance for developing private sector business associations and networks among US and sub-Saharan African enterprises (http://www agoa.gov/index).

Technical assistance is also to be targeted towards increasing the number of reverse trade missions, increasing trade in services, addressing critical agricultural policy issues, and building capabilities in African states to participate in the World Trade Organization, generally, and particularly in services. In FY2007, the United States reported obligating approximately $505 million in trade capacity building (TCB) assistance to sub-Sahara Africa, up from $401 million in 2006. The Millennium Challenge Corporation (MCC) accounted for about $376
million (74%) of FY2007 TCB assistance for SSA, with $240 million obligated in Ghana and another $136 million in Mali (Jones, 2009:19).

Just as we stressed earlier, AGOA’s mandate to encourage trade related technical assistance is primarily implemented by USAID (US Agency for International Development) through the African Global Competitiveness Initiative (AGCI). USAID funds for various technical assistance programs throughout Africa aims at improving Trade within the region (SSA) and between the region and the United States.

Under AGOA, the President of United States was required to establish after consultation with the Congress and other governments concerned, a United States sub-Saharan Africa Trade and Economic cooperation Forum within a year of AGOA’s enactment. The President as the act stated, was to direct certain top officials to host the first forum meeting with their counterparts from AGOA eligible countries and countries attempting to meet AGOA eligible requirement.

In the first Forum that was held October 29-30, 2001 in Washington D.C, President Bush addressed the forum and announced several initiatives. The initiatives as cited include:-

i. A $200 million overseas private investment cooperation (OPIC) support facility to give US firms access to loans, guarantees and political risk insurance for investment project.

ii. A regional office of the Trade and Development Agency (TDA) in Johannesburg to help attract new investment; and

iii. The trade for African development Enterprise program initially funded at $15 million, to establish regional hub to help African businesses in the global markets (Langton, 2009).

The Forum was held January 13 – 17, 2003, in Port Louis, Mauritius. President Bush in a videotaped message announced that he would ask the congress of the United States to extend AGOA beyond its 2008 deadline. President Bush also outlined other US support for Africa, including assignment of US agricultural officials to the regional business hubs established after the first form; a FY2004 budget request for a 50% increase in development assistance; and an additional $200 million over five years for education and teacher training to the region.

The third forum on AGOA was held December, 9th – 10th 2003, in Washington DC while the fourth Forum took place in Dakar, in Senegal, from July 18th – 20th 2005. The fourth Forum was addressed by the President Bush through video remarks (Jones, 2010). He equally
announced the African Global competitiveness initiatives which were to provide $200 million over the next five years to improve the competitiveness of African countries and also build their capacity to trade. The fifth forum was held June 6 – 7, 2006 in Washington DC. The sixth forum was held in Accra, Ghana, July 18th – 19th 2007 and it (the sixth forum) combined all three sectors (government, private and civil society) into one meeting.

The President of the United States was to encourage, as AGOA required, the non-governmental organization as well as the private sectors to hold similar annual meetings and it (AGOA) also required the President to instruct the US delegates to the Forum to promote a review of HIV/AIDS in each sub Saharan African country and the effect of economic development. To the extent practicable, AGOA required the President to meet with heads of government of sub Saharan Africa countries at least every two years to discuss expanding trade and investment relation. (Langton, 2009 & Naumann, 2010).

Moreover, it was noted by the President of the United States in his submission report to the US congress that:-

- AGOA was aimed at promoting economic development and political freedom and stability in the poorest regions of the world.
- It (AGOA) is believed to lead to interdependence of economies and make all parties involved appreciate that global prosperity in the long run will be more secure if broadly shared.
- By achieving AGOA’s objectives, the US and sub-Saharan African countries would benefit in the sense that it would help in creating healthier and more stable economies, stronger democratic governance in Africa and expand markets for US exports.

To this end, the office of the US trade representatives (2003) identified the following key elements of AGOA.

- AGOA institutionalizes a process for strengthening US relations with African Countries and provide incentives for African countries to achieve political and economic reforms.
- It provides additional security for investors and traders in African countries by guaranteeing GDP benefits.
- It eliminates the GSP competitive need limitation for beneficiary SSA countries.
- It establishes a US sub-Saharan African Trade and Economic corporation forum to facilitate regular and investment policy discussion.
- Again, it promotes the use of technical assistance to strengthen relationships between firms and firms in SSA countries (USTR, 2003).

Just as we pointed out earlier, AGOA is based on the assumption that increase trade and investment opportunities will result in economic growth of SSA countries which will lead in poverty reduction in sub-Saharan African countries. AGOA III with particular respect to agriculture seeks to improve African agricultural market access to the United States by providing assistance to African countries to enable them meet US technical agricultural standards.

AGOA was introduced with the intention of maximizing trade between the United States and SSA countries. Specifically, AGOA aims at developing the textile industry in sub-Saharan Africa, as it has the potential to contribute positively to employment creation due to its labour intensiveness in nature. Unlike other trade agreements that are bi-lateral, AGOA is a unilateral trade preference agreement decided upon by the United States and targeting and SSA countries.

So the purpose of (AGOA) was to authorize a new trade and investment policy between the US and sub-Saharan Africa. In other words, AGOA is based on the assumption that increase trade and investment opportunities will result in economic growth of SSA countries which will lead to poverty reduction in sub-Saharan African countries. This is connected with the realization of the potential market that African countries could provide for US goods. The US Congress found that it is in the mutual interests of the US and the sub-Saharan Africa to promote stable and sustainable economic growth for the benefits of both areas. Thus AGOA was introduced with the intention of maximizing trade between the United States and the SSA countries. AGOA III with particular respect to agriculture seeks to improve African agricultural market access to the United States by providing assistance to African countries to enable them meet the United States technical standard. It also aims at developing the textile industry in SSA because of its labour intensiveness and its ability of generating employment and reducing poverty in SSA countries.

It must also be noted that AGOA legislation is a unilateral US trade program without a formal bilateral consultation process or independent dispute settlement mechanism. AGOA ushered in a new era of development discourse in Washington, a dialogue previously absent from
policy making circles outside the confines of USAID (the U.S. government primary aid agency and the World Bank on Capitol Hill) where general apathy and thinly disguised neglect had previously presided over U.S policy towards Africa. Thus this characteristic makes AGOA unreliable as it is not binding and thus America can withdraw or change it at any moment.

3.3 AGOA and the Legislature Process

Following the legislation enacted in 1994 to implement the Uruguay round agreement, the US Congress directed the executive branch to develop a comprehensive trade and development policy for Africa. The legislative history noted the potential risk the multilateral trade agreement posed to African’s small and underdeveloped economies.

Responding to the congressional directives, President Clinton submitted a report outlining the administration’s policy in February 1996. The report, articulated a strategy based on increasing trade flows, promoting the investment climate and strengthening democratic governance.

The renewed interest in US-Africa trade was concentrated among a few congresses. The lawmaker’s ability to influence US-Africa relations derived in part from the region’s low profile in US foreign policy...responding to the congressional directive, President Clinton submitted a report outlining the administration’s policy in February, 1996. The report articulated strategy based on increasing trade flows, promoting economic reforms, improving the investment climate and strengthening democratic governance (McCormick, 2006:7).

The response from the Congress and non-governmental organization towards this report was highly unenthusiastic; they were blessed with the report which they see and criticized as consisting mainly of a compilation of the existing program. According to them the report is
nothing short of the “blanket endorsement of Structural Adjustment Program (SAP) and thus it does address the lingering debt problems of the SSA countries.

In response to the first report, several members of congress found a bipartisan congressional caucus or African trade and investment to “review the President’s policy document and to initiate a broader discussion. In August of the same year, the House ‘Ways’ and ‘Means’ subcommittee on trade held a hearing on US-Africa trade and investment. In September, trade subcommittee chairman Philip Crane, along with leading members of African Trade Caucus, introduced the African Growth and Opportunity Acts (US International Trade Commission data web http://data.usitc.gov/ ). The legislators introduced a revised version of US-Africa trade legislation in the spring of 1997, the bill strengthened provision aimed at improving access to the US textile and apparel market.

The Bill proponents are of the view that private sector trade and investment offered Africans best-hope of escaping from decades of unemployment (Naumann 2010, Jones 2009 and McCormick 2006). The legislators introduced a revised version of US-Africa trade legislation in the spring of 1997. The Bill strengthened provisions aimed at improving access to the US textile and apparel market. We mean the revised of US-Africa trade legislation in the sense that the previous version included a non biding congressional statement which state that “in pursuant to the WTO agreement on textiles and clothing, the United State should eliminate the existing quotas on textile and clothing exports to the United State from Kenya and Mauritius whereas, the revised proposal included a binding provision directing the executive branch to eliminate the existing quotas on textile and appeared imports, provided Kenya and Mauritius adopt a visa system to guard against unlawful transshipment of such goods and counterfeit documents.

In addition to the legislation, there was a proposal aimed at modifying the General System of Preference (GSP) statute to authorize the President to grant duty-free treatment to any article originating from eligible African countries provided such article is import sensitive.

Before the AGOA legislation, it is pertinent to stress here that the President Clinton endorsed the congressional initiative in June of the same year when he launched the Partnership for Economic Growth and Opportunity. The partnership consisted of a comprehensive list of various initiatives calculated to deepen cooperation between federal agencies, African government and Business community.
The partnership outlined three levels of economic engagement the administration would pursue with African nations. At the first level, the administration would provide greater market access in addition to investment assistance through the Overseas Private Investment Corporation (OPIC) while at the second level, the US would offer technical assistance and debt–relief to nations undertaking per growth reforms. At the third level, the U.S would pursue free trade agreement with Africa’s highest-achieving, reform minded states (see, http://www.papers.ssrn.com/8013/papers.cfm).

The original AGOA legislation was signed into law in 2000 by former President Bill Clinton, having enjoyed strong bipartisan support which ensured its passage through the US Congress at the time. In fact, the legislation and work behind the scenes had, however, started years previously and AGOA represented the US first formal preferential trade dispensation for the benefit of sub Saharan African countries.

Subsequent to the original AGOA legislation a number of amendments were passed by the Congress, mainly to extend the AGOA’s benefits, and also to make technical amendments and clarifications to certain sections where these had previously been incorrectly interpreted by US customs or at least in a manner that was contrary to the original objectives of the legislation. (Naumann, 2010). These periodic amendments highlighted the point that AGOA legislation does not form part of a bilateral trade pact but it simply remain a part of US legislation, therefore any changes to the legislation are subject to the cumbersome legislative process and remain at the prerogative of US law makers. That is why most amendments and extensions thus far have represented commitment that are time bound, thereby necessitating positive intervention at regular intervals to avoid their expiry date. Our above point explains the reason why certain modification to AGOA’s textile provisions relating to Mauritius and Kenya in the area of effecting some changes to the rules of origins that would extend certain third-country fabric benefits to export were initially defeated and thus delayed as they had been packaged within a much broader collection of legislative change which were not agreeable to the Congress.

At this juncture, it would be apposite for us to hint on the US lawmaking process and the complexities involve in passing a new legislation or technical amendments to existing legislation. Laws are usually but not necessarily signed into law by the US president. The exception to this is when the President rejects (vetoes) proposed by the legislation, but is then voted on again by both sections of the Congress and is passed by a two-thirds majority in both
(see, United States Congress 2002 Trade Act). In essence, the Congress is the collective term for the entire legislation. It is referred to by its historical number and session—for example, the AGOA legislation was passed by the 106th congress (that is 6th January 1999 to 15 December 2000).

The Congress is bicameral and consists of two chambers - the Senate and the House of Representatives. The former has 100 members (two from each state), while the latter has 435 members (one from each district). Elected members of the house of representative serve two years at a time, while members of the senate serve six years at a time.

Owing to the above, the Congress is responsible for proposing legislation, which can be introduced in either chamber. Bill introduced in the House are annotated by an ‘H.R’ number while those that originated in the Senate are preceded by an ‘S’ (http://www.thecapitol.net/FAQ/cong_numbers.html). Initially, a new bill is assigned to a specialist sub-committee, for example, the House committee on ‘Ways’ and ‘Means’ deals with revenue-related legislation, including trade agreements. In other ways, specialist sub-committee call experts to testify on the content of the bill. The committee may recommend passing of the bill, and may make amendments to its content prior to subjecting it to a vote. Once passed by a simple majority, the bill is forwarded to the Senate for consideration.

Once tabled in the senate, a similar process to that also obtains in the House. One of 16 standing committees is tasked with initial scrutiny of the bill which in turn releases it to the floor for a vote or it ‘tables it’ (reject it). Since changes to the text may have been made at this stage, the bill is presented to a so called conference committee which scrutinizes the two versions and attempts to iron out any differences even if it is minor. Once consolidated the text passes back to each House for final approval, prior to being presented to the President for signature. The President then has 10 days to sign the proposed legislation into law. If he does nothing, it automatically becomes law (Congress by the Numbers, 111th Congress, 2nd session, 1999-2010. The Capitol.Net,inc.(online). Available; http://www.thecapital.net/FAQ/FAQ/cong_numbers.html ).

In other words, should the president veto the proposed legislation, it is sent back to the Congress, which can either undertakes amendments to the bill in line with the President wishes, or can take a revote, which if passed in both chambers by a two-thirds majority still becomes law.
However, far more bills are initiated in the House of Representative than in the Senate. Given to the complexities that are involved in passing legislation, it is of little surprise that only a very small share complete the passage through the Congress and is written into law. In 2000, the year of AGOA inception, over 4,000 bills were introduced, yet only 9.65% of these were enacted as public laws (Naumann, 2009). Also in 2009, more than 9,000 bills were introduced in both chambers together yet only 119 of these were passed. What this means or what we understand by this is that most bill never make it beyond the committee stages. This probably demonstrates why changes to the AGOA legislation-especially technical changes or extension-must first undergo a lengthy process and may fail as a result of a Presidential veto. For instance, following the source from capital net (http://www.thecapitol.net) between 2000 and 2009 only 17 bills were vetoed of which seven vetoes were subsequently overridden by congress. Again more than 2,200 public laws were enacted almost at the same time.

Following our forging analysis, we can see that AGOA is nothing but a representation of a welcome change in congressional attitude towards Africa. Other policy initiatives and foreign assistance programs adopted by the Congress prior to AGOA had all failed to effectively promote African development and like most legislation enacted into law, AGOA required compromises and concession into law. It requires compromises and concession on the part of its key congressional supporters to ensure its passage. The bill expresses certain congressional finding such as “it is in the mutual interest of the US and countries of SSA to promote stable and sustained economic growth and development in SSA countries.” Transitional issues in developing countries such as HIV/AIDS, terrorism and the environment is an indication of the fact that the United State could no longer ignore African realities. This point could be deduced from the letter of Bill Clinton to the congressman Charles Rangel as well as the key supporters of AGOA. The letter among other things, described the basic normative political and economic agreement during pro-African constituency support of AGOA legislation. The letter emphasized that African is a continent on the doorstep of a new democracy and that a stronger, stable and prosperous Africa will be a better economic partner, a better partner for security and peace and a better partner in the fight against during trafficking, international crime, terrorism, the spread of disease and environmental degradations among other things emphasized in the `letter. So for the US, closer ties with the African continent would enhance the opportunity for investment, stable democracies and promotion of political cooperation.
3.4 AGOA Provision and 2002, 2004 and 2006 Amendment

Over ten years since the passage of its original legislation, AGOA legislation, AGOA remains the cornerstone of the US government economic policy toward Africa. Congress has revisited and amended the legislation on multiple occasions.

In 2002, then President George Bush signed into law a number of amendments known collectively as AGOA III and contained in the trade Act of 2002 (Trade Act 2002). These changes deal mainly with certain textile provisions and interpretations and special privileges for Botswana and Namibia.

**Table 3.1: 2002 Legislative changes to AGOA (AGOA II)**

<table>
<thead>
<tr>
<th>Category</th>
<th>Original AGOA Legislation</th>
<th>AGOAII</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knit-to-shape</td>
<td>The term “fabric” interpreted by US customs as excluding components that are “knit-to-shape” (that is components that take their shape in the knitting process, rather than being cut from a bolt of cloth.</td>
<td>Knit-to-shape apparel qualifies for AGOA benefits.</td>
</tr>
<tr>
<td>Merino sweaters</td>
<td>Technical corrections to include merino sweaters</td>
<td></td>
</tr>
<tr>
<td>Lesser Developed countries</td>
<td>Duty – free treatment for apparel articles assembled in less developed countries in less developed countries in sub Saharan Africa, regardless of origin of fabric</td>
<td>LDCs apparels eligible for duty free treatment regardless of origin of fabric and regardless of origin of yarn.</td>
</tr>
<tr>
<td>Botswana and Namibia</td>
<td>Not treated as less developed countries because per capita GNP in 1998 exceeds $1500</td>
<td>Specially designated as less developed countries</td>
</tr>
<tr>
<td>---------------------</td>
<td>---------------------------------------------------------------------------------</td>
<td>-------------------------------------------------</td>
</tr>
<tr>
<td>Hybrid cutting</td>
<td>Under US customs interpretation, cutting of fabric must occur either in US or AGOA countries, but not both.</td>
<td>Hybrid cutting (that is cutting occurs both in US and in AGOA countries) does not render fabric ineligible.</td>
</tr>
<tr>
<td>Quota for qualifying apparel imports</td>
<td>Percentage increase annually through I October 2007.</td>
<td>Applicable percentages doubled.</td>
</tr>
</tbody>
</table>

**Source:** [http://www.agoa.info/index.php?view=about](http://www.agoa.info/index.php?view=about)

In 2004, further change was effected to AGOA legislation. This was collectively known as AGOA III and was signed into law on July 12, 2004 as part of AGOA Acceleration Act of 2004. These changes were based on Bill H.R 4103, after similar legislation (H.R 3572 and S.1900) was previously introduced in late 2003. S. 1900 and H.R 3572 were largely comparable with regard to most AGOA – related provision, with a few exclusion relating to certain agricultural product (H.R 3572), continuation of the LDC provision (and selective phase out) relating to third – country fabrics and so forth. Overall, S. 1900 was somewhat bolder with respect to liberalizing trades and investments, compared with H.R. 4103 ( Naumann, 2010, Langton, 2008).
Table 3.2: 2004 Legislative Changes to AGOA (AGOA III).

<table>
<thead>
<tr>
<th>Category</th>
<th>Changes under AGOA Acceleration Act of 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time Scale</td>
<td>Extends AGOA program from 2008 – 2015</td>
</tr>
<tr>
<td></td>
<td>Extends wearing apparel provisions (third country fabrics by Lesser Developed Countries by 3 years to 2007.)</td>
</tr>
<tr>
<td>Quotas</td>
<td>Quotas for apparel to remain in year 1 &amp; 2.50% reduction in year 3</td>
</tr>
<tr>
<td>Textiles</td>
<td>Permits use of collars, cuffs, waistbands, etc. To be sourced from third countries without product losing eligibility under AGOA.</td>
</tr>
<tr>
<td></td>
<td>Expands folklore/traditional items’ product coverage to include certain machine – made ethnic printed fabric.</td>
</tr>
<tr>
<td>Mauritius</td>
<td>Extends the third – country fabric provisions to Mauritius later in 2004 under the miscellaneous trade and technical corrections Act of 2004, subject to a quota of 5% (approximately 27 million SMEs) of the LDC quota. These benefits were of a temporary nature, although Mauritius was later included as a beneficiary under public law 110 - 436.</td>
</tr>
</tbody>
</table>


Again AGOA III was meant to extend AGOA’s benefits beyond 2008. H.R. 4103, that was introduced by representative Williams Thomas, chairman of the House ‘Ways’ and ‘Means’ Committee, is to extend AGOA to 2015: S. 1900, introduced by Senator Richard Lugar, that is the chairman of the Senate Foreign Relation Committee, is to extend it to 2020. (The US International Trade Commission Data Web. http://dataweb.usitc.gov/ ) AGOA III supporters claim that many AGOA beneficiaries have only recently begun to realize gains as a result of AGOA and that extending AGOA benefits now would improve the stability of the investment in Africa.

Apart from the stated objectives above AGOA III, also seeks to improve African agricultural market access to the United State by providing assistance to African countries to
enable them meet the US technical agricultural standard. It is believed by its supporters (that is AGOA III supporters) that the growth of agricultural trade holds much potential for improved economic growth in Africa and that most Africans rely in agricultural production for their income. The Bills call for the Secretary of Agriculture to assign 20 full-time personnel to at least 10 countries in Africa to provide this assistance. H.R 3572 and 5.1900 provide further market access by removing the import sensitivity test, which disallows preferential treatment under AGOA for goods that are considered to have negative consequences for import-competing industries in the United State. Proponents of eliminating the import sensitivity test in AGOA argue that Africa accounts for such a small proportion of US trade and that imports from Africa are likely to have a significant positive effect on African producers (C.R.S Report for the Congress in 2004). Eliminating the import sensitivity tests is designed to open the US market to all products meeting the AGOA Rules of Origin (RoO) some of which are agricultural products that are currently produced and others which could be competitively produced in Africa.

H.R 3572 further open the US market by extending US duty-free treatment to statutorily excluded agricultural products. It includes the “snap-back” provision to address concerns about sensitive sectors of US agriculture, where by duties will prevent import prices from falling below an estates threshed. (Langton, 2004).

Table 3.3: Selected AGOA III Provisions Compared

<table>
<thead>
<tr>
<th>H.R. 3572</th>
<th>5.1900</th>
<th>H.R. 4103</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extend AGOA to 2020</td>
<td>Extend AGOA to 2015</td>
<td>Extend AGOA to 2015</td>
</tr>
<tr>
<td>Extend LDC rule to 2008</td>
<td>Similar</td>
<td>Extend LDC rule to 2007,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>with cap of allowable</td>
</tr>
<tr>
<td></td>
<td></td>
<td>imports set at 2.3571% of</td>
</tr>
<tr>
<td></td>
<td></td>
<td>apparel imports. Extension</td>
</tr>
<tr>
<td></td>
<td></td>
<td>to 2008 with cap of</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.1785%</td>
</tr>
<tr>
<td>Increase final cap on</td>
<td>Similar</td>
<td>No much provision</td>
</tr>
<tr>
<td>apparel article imports</td>
<td></td>
<td></td>
</tr>
<tr>
<td>to 10% of volume of all US</td>
<td></td>
<td></td>
</tr>
<tr>
<td>apparel imports in 2004</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(from 7% in 2008). LDC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>rule imports</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Action</td>
<td>Similarity</td>
<td>Provisions</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------</td>
<td>------------</td>
<td>------------</td>
</tr>
<tr>
<td>Allows President to continue LDC rule after 2008 with a phase out for a country that lacks sufficient domestic fabric making capacity</td>
<td>Similarity</td>
<td>No such provision</td>
</tr>
<tr>
<td>Removes import sensitivity test requirement</td>
<td>Similarity</td>
<td>No such provision</td>
</tr>
<tr>
<td>Allows president to commence LDC rule after 2008 with a phase out for a country that lacks sufficient domestic fabric making capacity</td>
<td>No such provision</td>
<td>No such provision</td>
</tr>
<tr>
<td>Allows the Congress to prohibit the President from terminating the eligibility of a specifies country</td>
<td>Similarity</td>
<td>No such provision</td>
</tr>
<tr>
<td>Add ethnic printed in fabrics to list of eligible category 9 folk lore and handmade items</td>
<td>Similarity</td>
<td>Similar</td>
</tr>
<tr>
<td>Extend duty-free treatment to previously statutorily excluded agricultural products</td>
<td>No such provision</td>
<td>No such provision</td>
</tr>
<tr>
<td>Removes prohibition on overseas private investment corporation (OPIC) involvement in sensitive U.S industries</td>
<td>Similarity</td>
<td>No such provision</td>
</tr>
<tr>
<td>Directs the Export-Import bank to fully consider any activity that may positively</td>
<td>Similarity</td>
<td>No such provision</td>
</tr>
</tbody>
</table>
The African investment incentives Act of 2006 (title VI of P.L 109 – 432) was passed by the Congress in December 2006. This act extends the special rule for LDCs (Least Developed Countries) which allows textile and apparels quotas – and duty – free access to the US market regardless of the source of materials used, as long as assembly takes place within an AGOA – eligible LDC. The special rule for LDCs was to expired in 2007, but this act extends it to 2012 and increases the cap on square meter equivalent s under this rule back to the initial level of 3.5% (Langton, 2008).

This act also contains an “abundant supply” provision stipulating that if a certain fabric is determined by US international trade commission to be available in commercial quantities in AGOA beneficiary countries, than the special rule will no longer apply to apparel and textiles containing that particular fabric.

### Source:
World Resources Institute, as cited on Nation Master Web (http://www.nationmaster.com/graph-T/agr_cab_sha/ AFR).
The United States international Trade Commission (USITC) was tasked with determining on an annual basis, the aggregate of fabrics and yarns available.

Exporters from qualifying countries were compelled on an annual basis, to source and utilize the annual determination of such fabrics and yarns for processing into qualifying exports under AGOA. Failure to utilize these (local and regional) inputs would jeopardize the future eligibility of downstream clothing products under the Act. Denims fabrics become the first such input to be deemed available in commercial quantities: an annual determination of 30 million square meter equivalents (SMEs) was initially included by legislation (Naumann, 2010: 12).

However, these provisions were later found unworkable and repealed on 16 October 2008 (Public Law 110 – 436). At that same time, Mauritius was formally added (alongside Botswana and Namibia) as beneficiary country under the special wearing apparel provisions relating to the utilization of third – country fabric (http://www.agoa.gov/index ).
Table 3.4: 2006 Legislatives changes to AGOA (AGOA IV).

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Textile</td>
<td>Textile and clothing preferences are extended to 2015, while the third-country fabric provision was extended by five years 2007 to 2012 introduces “abundant supply” provisions, tasking the USITC to make annual determinations of commercially available inputs in designated SSA beneficiary countries where input materials are determined to be not available in commercial quantities on the basis, preferences for articles using such inputs may be removed.</td>
</tr>
<tr>
<td></td>
<td>Denim fabric deemed available in commercial quantities; 30 million SMEs considered to be available in abundant supply in first annual period (this provision was later repealed) provides for removal of privileges.</td>
</tr>
</tbody>
</table>


At present, out of 41 sub – Saharan African countries that may receive trade benefits, 26 have met the additional requirements to receive duty – free treatment for their textile and apparel products, and of those, 24 qualified for the special rule of lesser – developed countries (all but South Africa and Mauritius).
Table 3.5: Country status under AGOA

<table>
<thead>
<tr>
<th>Status</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Designated as Eligible (7 Countries)</td>
<td>Central African Republic; Cote d’ Ivoire; Equatorial Guinea; Eritrea; Somalia; Sudan; Zimbabwe.</td>
</tr>
<tr>
<td>AGOA Eligible only; not Eligible under Apparel provision (15 countries).</td>
<td>Angola; Burundi; Comoros; Republic of the Congo; Democratic Republic of Congo; Djibouti; Gabon; the Gambia; Guinea-Bissau; Liberia; Mauritania; Sao Tome and Principe; Seychelles; Togo.</td>
</tr>
<tr>
<td>AGOA Eligible, Eligible under Apparel Provisions and special Rule Applies (24 Countries).</td>
<td>Mauritius; South Africa.</td>
</tr>
<tr>
<td>AGOA Eligible, Eligible under Apparel Provision and Special Rule Applies (24 Countries).</td>
<td>Botswana; Benin; Burkina Faso; Cameroon; Cape Verde; Chad; Ethiopia; Ghana; Kenya; Lesotho; Madagascar; Malawi; Mali; Mozambique; Namibia; Niger; Nigeria; Rwanda; Senegal; Sierra Leone; Swaziland; Tanzania; Uganda; Zambia.</td>
</tr>
</tbody>
</table>

Source: AGOA Website maintained by the US Department of Commerce and USTR at (http://www.agoa.gov.)

Giving to our analysis above and the table representations of AGOA amendment since its inception, it is evident that AGOA is a part of United States trade legislation that offers non-reciprocal trade preferences to qualifying countries from sub-Saharan Africa. It provides duty free and quota-free treatment to goods covered by the US Generalized System of Preferences.
as part of this legislation. AGOA contains special wearing apparel provisions which set out the conditions under which clothing made in beneficiary Africa countries qualify for preferential market access to the US market. The most prominent amongst these provisions is Rule of Origin (RoO) requirement applicable only to the Least Developed beneficially Countries (LDCs) plus Botswana, Namibia and (more recently) Mauritius, which are permitted to utilize non-originating fabrics in the production of qualifying garments. All there buttress our point that AGOA is never a bilateral trade agreement but rather a unilateral trade preference program that offer sub-Saharan Africa countries access to the United States market.

3.5 The US-Africa Trade and Investment Profile under AGOA.

The US-Africa trade profile as the report from the 2006 US Department of Commerce indicates shows that Africa biggest trading partners are: US (44%), U.K (17%), Germany (16%), France (15%), Japan (12%) and Holland (7%).

However, the US conduct a small share of its total trade with sub-Saharan Africa, in 2008 alone, the United State exported $ 18 billion to sub-Saharan Africa or 1.6% total US global exports of $1,070 billion. The United States imported $86.1 from the region, or 4.1% of its total imports of $2,090 billion. Total trade (that is exports plus imports) between the United States and sub-Saharan Africa more than quadrupled between 1990 and 2007, from $17 billion to $81 billion. However, the US trade with sub-Saharan Africa as a share of total US trade did not increase dramatically from 1990 to 2007, from 1.19% to 2.7% in 2007.

Table 3.6: US Trade with sub-Saharan Africa

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>US Exports</td>
<td>13,860,275,557</td>
<td>18,007,646,662</td>
<td>5,852,442,459</td>
<td>5,852,442,459</td>
</tr>
<tr>
<td>US Imports</td>
<td>66,888,558,977</td>
<td>86,082,041,604</td>
<td>28,100,634,572</td>
<td>12,126,201,385</td>
</tr>
<tr>
<td>US total trade (Import + Export)</td>
<td>80,748,833,977</td>
<td>104,089,688,266</td>
<td>34,582,865,535</td>
<td>17,978,643,844</td>
</tr>
</tbody>
</table>
Statistics revealed that AGOA has had a measurable and sizable impact on Africa trade with the US since its entry into force. Over all, total US imports have increased significantly, albeit from a very low base of $5 billion, almost five fold until 2005, reaching over $25 billion between 2005 and 2006 to $21.2 billion on account of expiration of the Multifibre Agreement (MFA) in which AGOA countries are highly dependent.

Table VIII presents trade performances of AGOA eligible countries from its inception to 2010, emphasizing US AGOA imports (excluding GSP), and summarizes the total monetary values by country at HS 8-digit level.

### TABLE 3.7: Annual US Imports from AGOA-Eligible Countries
(General Customs Value, at HTS8 level).

<table>
<thead>
<tr>
<th>Country</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010 YTD*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1.349.411</td>
<td>3.662.774</td>
<td>4.127.605</td>
<td>3.898.345</td>
<td>8.119.377</td>
<td>3.018.965</td>
<td>2.520.493</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cameroon</td>
<td>36.73</td>
<td>98.33</td>
<td>115.570</td>
<td>196.025</td>
<td>87.377</td>
<td>138.340</td>
<td>164.246</td>
<td>362.103</td>
<td>62.428</td>
<td>16.317</td>
</tr>
<tr>
<td>Chad</td>
<td>0</td>
<td>0</td>
<td>14.438</td>
<td>252.904</td>
<td>551.662</td>
<td>125.792</td>
<td>80.397</td>
<td>64.563</td>
<td>86.924</td>
<td>0</td>
</tr>
<tr>
<td>Congo (ROC)</td>
<td>99.28</td>
<td>59.93</td>
<td>239.395</td>
<td>267.733</td>
<td>450.282</td>
<td>708.281</td>
<td>1.441.966</td>
<td>1.218.323</td>
<td>378.330</td>
<td>266.523</td>
</tr>
<tr>
<td>Djibouti</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>17</td>
<td>0</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>598.3</td>
<td>737.9</td>
<td>268.764</td>
<td>1.391.036</td>
<td>1.571.305</td>
<td>294.438</td>
<td>430.611</td>
<td>111.644</td>
<td>53.584</td>
<td>0</td>
</tr>
<tr>
<td>Gabon</td>
<td>598.3</td>
<td>737.9</td>
<td>268.764</td>
<td>1.391.036</td>
<td>1.571.305</td>
<td>294.438</td>
<td>430.611</td>
<td>111.644</td>
<td>53.584</td>
<td>0</td>
</tr>
<tr>
<td>Gambia</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>------------------</td>
<td>--------------</td>
<td>-----------</td>
<td>-----------</td>
<td>-----------</td>
<td>-----------</td>
<td>-----------</td>
<td>-----------</td>
<td>-----------</td>
<td>-----------</td>
<td></td>
</tr>
<tr>
<td><strong>Ghana</strong></td>
<td>30.42</td>
<td>22.16</td>
<td>29.156</td>
<td>59.209</td>
<td>49.927</td>
<td>34.874</td>
<td>56.151</td>
<td>31.494</td>
<td>2.303</td>
<td></td>
</tr>
<tr>
<td><strong>Guinea</strong></td>
<td>30.42</td>
<td>22.16</td>
<td>29.156</td>
<td>59.209</td>
<td>49.927</td>
<td>34.874</td>
<td>56.151</td>
<td>31.494</td>
<td>2.303</td>
<td></td>
</tr>
<tr>
<td><strong>Guinea Bissau</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>26.131</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>Kenya</strong></td>
<td>55.22</td>
<td>123.7</td>
<td>180.529</td>
<td>279.898</td>
<td>272.131</td>
<td>264.438</td>
<td>249.450</td>
<td>252.243</td>
<td>204.982</td>
<td></td>
</tr>
<tr>
<td><strong>Lesotho</strong></td>
<td>129.2</td>
<td>317.6</td>
<td>372.614</td>
<td>446.494</td>
<td>388.344</td>
<td>384.452</td>
<td>379.464</td>
<td>338.686</td>
<td>276.885</td>
<td></td>
</tr>
<tr>
<td><strong>Madagascar</strong></td>
<td>92.11</td>
<td>75.64</td>
<td>186.485</td>
<td>314.533</td>
<td>273.113</td>
<td>229.541</td>
<td>281.443</td>
<td>277.051</td>
<td>210.004</td>
<td></td>
</tr>
<tr>
<td><strong>Namibia</strong></td>
<td>0</td>
<td>1.543</td>
<td>32.132</td>
<td>75.904</td>
<td>53.058</td>
<td>33.098</td>
<td>825</td>
<td>6</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>Niger</strong></td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>24</td>
<td>1</td>
<td>28.579</td>
<td>1</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td><strong>Nigeria</strong></td>
<td>3,496.388</td>
<td>2.774.62</td>
<td>4.746.93</td>
<td>12.748.30</td>
<td>17.612.68</td>
<td>14.127.1</td>
<td>15.715.1</td>
<td>15.174.4</td>
<td>7.167.939</td>
<td></td>
</tr>
<tr>
<td><strong>Rwanda</strong></td>
<td>265</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>63</td>
<td></td>
</tr>
<tr>
<td><strong>Senegal</strong></td>
<td>0</td>
<td>0</td>
<td>11</td>
<td>7</td>
<td>9</td>
<td>14.239</td>
<td>14</td>
<td>10.229</td>
<td>1.585</td>
<td></td>
</tr>
<tr>
<td><strong>South Africa</strong></td>
<td>416.9</td>
<td>441.4</td>
<td>727.752</td>
<td>668.101</td>
<td>330.515</td>
<td>385.818</td>
<td>608.964</td>
<td>1.699.04</td>
<td>1.016.314</td>
<td></td>
</tr>
<tr>
<td><strong>Switzerland</strong></td>
<td>8.314</td>
<td>74.13</td>
<td>127.477</td>
<td>175.908</td>
<td>160.269</td>
<td>135.492</td>
<td>135.736</td>
<td>125.629</td>
<td>94.718</td>
<td></td>
</tr>
<tr>
<td><strong>Tanzania</strong></td>
<td>16</td>
<td>500</td>
<td>1.110</td>
<td>3.338</td>
<td>2.812</td>
<td>3.022</td>
<td>2.815</td>
<td>1.527</td>
<td>1.006</td>
<td></td>
</tr>
<tr>
<td><strong>Uganda</strong></td>
<td>0</td>
<td>13</td>
<td>1.444</td>
<td>4.022</td>
<td>4.854</td>
<td>1.490</td>
<td>1.189</td>
<td>473</td>
<td>222</td>
<td></td>
</tr>
<tr>
<td><strong>Zambia</strong></td>
<td>0</td>
<td>0</td>
<td>2.452</td>
<td>2.902</td>
<td>2.115</td>
<td>85</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>Cape Verde</strong></td>
<td>0</td>
<td>0</td>
<td>2.452</td>
<td>2.902</td>
<td>2.115</td>
<td>85</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5.026.510</td>
<td>4.892.732</td>
<td>7.249.64</td>
<td>18.697.66</td>
<td>21.214.52</td>
<td>23.693.7</td>
<td>28.000.8</td>
<td>12.736.89</td>
<td>12,736.89</td>
<td></td>
</tr>
</tbody>
</table>


**NOTE:** not all countries above are current beneficiaries of the Act, namely Madagascar, Niger and Guinea. Those beneficiaries that did not import any goods to the US until the present date have not been included. Again YTD denotes Year-to-Date values from January to June 2010.
Our Table VIII above indicates that 2009 registered a sharp decline in US imports to a low of $12.7 billion, probably as a result of the financial crisis and the possible impact of stimulus packages for US producers to the detriment of AGOA beneficiaries countries though a modest rise has been noted this years, import growth has not seen similar rates in the first five years of AGOA. For instance 2005 recorded a 500% growth in the total US AGOA imports compared to 2001 (That is AGOA first year in effect).

Furthermore, it is evident that utilization rates vary significantly among beneficiaries with only a handful of countries such as Nigeria, South Africa, Angola, Lesotho, Kenya, Madagascar, Mauritius, Congo and Swaziland primarily reaping AGOA preference benefits. This is an indication of the fact that most US trade with sub-Saharan Africa is with a small number of countries. Having shown the table representations of the annual US import from AGOA Eligible countries, it would be pertinent to show another table representation of the leading US import from sub-Saharan Africa.

Table 3.8: The Leading U.S imports from sub-Saharan Africa.
US import for Consumption, Custom Value, and Actual U.S Dollars.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>27090020-petroleum oils, crude, testing 25 degree A.P.I or more</td>
<td>48,117,120,550</td>
<td>63,44,494,090</td>
<td>27,244,208,997</td>
<td>10,183,231,411</td>
</tr>
<tr>
<td>27090010-Petroleum oils, crude, testing 25 degree A.P.I</td>
<td>2,762,071,085</td>
<td>3,877,336,897</td>
<td>1,592,600,433</td>
<td>781,003,768</td>
</tr>
<tr>
<td>87032300-motor cars and</td>
<td>438,676,528</td>
<td>1,572,007,113</td>
<td>657,522,081</td>
<td>582,536,191</td>
</tr>
<tr>
<td>Other Motor Vehicles for Transport of Persons</td>
<td>27101905-Distillate and Residual Fuel Oil Including Blends</td>
<td>1801000-Cocoa Beans, Whole or Broken Raw or Wasted</td>
<td>71023900-Non-Industrial Diamonds Worked but Not Mounted or Set</td>
<td>71101100-Platinum Unwrought or in Powder Form</td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>-----------------------------------------------------------</td>
<td>---------------------------------------------------</td>
<td>--------------------------------------------------------</td>
<td>---------------------------------------------</td>
</tr>
<tr>
<td>27101905-Distillate and Residual Fuel Oil Including Blends</td>
<td>1,961,066,069</td>
<td>1,864,277,592</td>
<td>773,352,542</td>
<td>342,159,600</td>
</tr>
<tr>
<td>1801000-Cocoa Beans, Whole or Broken Raw or Wasted</td>
<td>409,282,750</td>
<td>589,312,128</td>
<td>375,425,656</td>
<td>290,948,344</td>
</tr>
<tr>
<td>71023900-Non-Industrial Diamonds Worked but Not Mounted or Set</td>
<td>779,358,051</td>
<td>862,430,835</td>
<td>331,473,838</td>
<td>255,816,093</td>
</tr>
<tr>
<td>71101100-Platinum Unwrought or in Powder Form</td>
<td>1,721,839,898</td>
<td>1,284,346,223</td>
<td>666,834,629</td>
<td>179,522,029</td>
</tr>
<tr>
<td>26121000-Uranium Oves and Concentrates</td>
<td>147,540,085</td>
<td>245,142,014</td>
<td>58,548,065</td>
<td>162,603,125</td>
</tr>
</tbody>
</table>


Note: Harmonized Tariff Schedule (HTS), descriptions have been abbreviated where necessary to conform to table constraints.
Table 3.9: Leading US imports from AGOA-Eligible countries

<table>
<thead>
<tr>
<th>Items</th>
<th>2009 Import Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy related products</td>
<td>30,295.551</td>
</tr>
<tr>
<td>Transportation Equipment</td>
<td>1,436,008</td>
</tr>
<tr>
<td>Textile and Apparel</td>
<td>918.240</td>
</tr>
<tr>
<td>Minerals and metals</td>
<td>413.129</td>
</tr>
<tr>
<td>Agricultural products</td>
<td>290.422</td>
</tr>
<tr>
<td>Chemicals and related products</td>
<td>263.462</td>
</tr>
<tr>
<td>Miscellaneous manufactures</td>
<td>43.141</td>
</tr>
<tr>
<td>Machinery</td>
<td>23.618</td>
</tr>
<tr>
<td>Electronic products</td>
<td>21.912</td>
</tr>
<tr>
<td>Forest products</td>
<td>3.323</td>
</tr>
<tr>
<td>Foot wear</td>
<td>494</td>
</tr>
</tbody>
</table>

Source: Compiled from Official Statistics of the US Department of Commerce.
Note: This figure includes GSP (General System of Preference) provisions of the AGOA act.

Our table IX above indicates the latest 2009 Annual figures of leading US imports from AGOA eligible countries at the HS 8-digit level. The table shows that energy related product take the lion share, accounting for almost 90% of imports, at a value of $30 billion, portraying that diversification remains an enduring challenge. The next leading imports were transportation equipment which was valued at $1.4 billion, accounting for 4.2%, the next is textiles and apparel which is valued at $918 million, accounting for less than 3% probably 2.7% and mineral and metal valued at $413 million which account for 1.2%. other chief imports included: agricultural product valued at $290 million, chemical and related products valued at $263 million, miscellaneous manufactures were valued at $43 million while machinery was valued at $23 million, electronic product 2$21 million and foot wears $494 thousand.

In other words natural resources and primary products dominate Africa’s exports to the US market with petroleum products dominating all exports, accounting for 90%. This is linked to the top five AGOA beneficiary countries of which majority are oil producing countries such as Nigeria, Angola, Gabon and Chad. South African accounts for almost half (42%) of SSA’s total
imports to the US market. The overwhelming (92.3%) of AGOA import consist of petroleum products.

**Table 3.10:** Leading US Exports to sub-Saharan Africa.

<table>
<thead>
<tr>
<th>Items</th>
<th>2008 Export ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor vehicles</td>
<td>2,204.4</td>
</tr>
<tr>
<td>Oilseeds and grains</td>
<td>1,617.4</td>
</tr>
<tr>
<td>Petroleum and coal products</td>
<td>1,403.8</td>
</tr>
<tr>
<td>Air craft, Engines, and parts</td>
<td>1,358.7</td>
</tr>
<tr>
<td>Oil and gas field machinery and Equipment</td>
<td>1,344.2</td>
</tr>
<tr>
<td>Contraction machinery</td>
<td>1,142.4</td>
</tr>
<tr>
<td>other general purpose machinery</td>
<td></td>
</tr>
<tr>
<td>Industrial chemicals</td>
<td>596.4</td>
</tr>
<tr>
<td>Navigational, measuring, electro medial and control instruments</td>
<td>447.0</td>
</tr>
<tr>
<td>Grain and oilseed milling products communication equipments</td>
<td>426.6</td>
</tr>
</tbody>
</table>


**NOTE:** Includes pumps and pumping equipment, air and gas compressors, and material handling equipment.

Following our table above, it is evident that US exports to sub-Saharan Africa in 2008 were concentrated on motor vehicles, agricultural commodities, petroleum, coal products and air craft. The top three US exports in 2008 were motor vehicles accounting for 11.9% of export, oil seeds and grain (wisely wheat) 8.7% and petroleum and product 7.0%. Other leading export categories as our table indication are:- air craft; oil and gas field machinery and equipment, construction and general purpose machinery, measuring, electro medical and control instruments, grain and oil seed mulling products, and communications equipments.

Of the top five African destinations for US products, export to South Africa rose by 17.6%, to Nigeria by 47.7%, the Angola by 62.6%, to Benin by 192.4% (due to the large increase in the export of non-cried oil and vehicles and parts) and to Ghana by 46.1% (see, US Department of Commerce, International Trade Administration prepared by J. Diamond, 2008).
Same report also indicates that US imports from oil producing countries grew in every case with imports from Nigeria growing by 16.2 percent, from Angola by 51.2%, from the Republic of Congo by 65.2% from Equatorial Guinea by 89.5% from Chad by 55.4% and form Gabon by 4.4% U.S import from South Africa grew by 9.9%.

Similar to trade, U.S investment in sub-Saharan Africa represents a very small percentage of worldwide total US investment. African has never served as a significant destination for US investment (FDI). Foreign Direct Investment (FDI) as averred by (McCormick 2006) is a key element in promoting capital formulation and economic growth in developing countries. According to bank researchers like Michael Klein, Carl Aaron and Bita Hadji Michael:

i. FDI (Foreign Direct Investment) contribute to poverty reduction and improvements in the quality of life;

ii. It helps to reduce adverse shocks to the poor resulting from financial instability;

iii. Relative to other forms of promoting private sector investment, FDI helps improve corporate governance; it is not easily subject to asset stripping that may render property rights distribution more unequal.

iv. FDI can help improve environmental and labour standards because foreign investors tend to be concerned about reputation in market, where high standards are seen as desirable.

v. FDI generates taxes that support the development of a safety net for the poor.

vi. Some or many foreign investors also invest substantially in community development in the areas where they operate and thus in the safety net for the particular area (Klein, et al 2001).

Why we have taken the pains to state the functions and essence of FDI is that Foreign Direct Investment (FDI) is a key element in promoting capital formation and economic growth in developing countries and besides, FDI is indispensable in the discourse of this nature; it is relevant when ever conventional issues as regards to trade and investment is being discussed, mostly as it affect Africans and the Western Capitalist World.

Like we pointed out before, Africa has never served as a significant destination for US investment (FDI) (Langston, 2008). In the late 1980s, not a single African state ranked among the top twenty locations for US FDI, and total American investment in SSA is less than one-third of US investment in Brazil. More than half of all US Foreign Direct Investment (FDI) in the
region is in the petroleum industry. United Nations World Investment Report 2008, shows that inflows of FDI to sub-Saharan Africa from all sources in 2007 were $33.0 billion, which represented a 26.3% growth from 2006 inflows of $26.1 billion.

According to the report, the majority of the inflows continued to occur in the oil gas sector, as well as in mining. There were also some investment in downstream activities such as in refineries in Cote d’ivoire and Nigeria and diamond cutting and polishing in Botswana.

FDI inflows to sub-Saharan Africa represented 1.8 percent of worldwide FDI inflows in 2007 and 66 percent of inflows to developing countries; this was the same share as of 2006. The largest recipients of global FDI inflow following our interpretation of the United Nations World Investment Report of 2008 included Nigeria with $12.5 billion, South Africa with $5.7 billion, Sudan with $2.4 billion, Equatorial Guinea with $1.7 billion, Madagascar with $997 million and Zambia with $984 million. These countries share common characteristics: large reserves of natural resources and or active privatization programs liberalized FDI policies and active investment promotion activities.
CHAPTER FOUR
AGOA AND THE IMPLICATION OF AFRICA DEVELOPMENT

4.1 AGOA in the Context of Special and Differential Treatment

The African Growth and Opportunity Act (AGOA) as we noted earlier, was enacted into law as part of the trade and development Act of 2000 (Public Law 106 – 200). It is the latest policy that are based on the general philosophy of “trade, not aid” as the chief tool for promoting economic development. The intention is to offer trade preferences to the beneficiary countries as a complement of foreign aid and to encourage them to adopt reforms in their economic, investment and trade policies. The most immediate benefit that it extends to SSA countries is expanded product coverage under the Generalized System of Preferences (GSP), as well as tariff-and quota- free exports of textile and apparel products to the United States.

However, the World Trade Organization (WTO) abides by a core set of rules which govern international trade among its member states. These rules are the pillars for a more transparent, predictable and rule-based multilateral trading system since the formal adoption of the Uruguay Round Agreements in 1994. In other words, the WTO Agreements contain provisions which give developing countries special rights.

The WTO Agreement contain special provisions which give developing countries special rights and which give developed countries the possibility to treat developing countries more favorably than other WTO members. These special provisions include for example, longer time periods for implementing Agreements and commitments or measures to increase trading opportunities for developing countries (http://www.wto.org 2011: 1-2).

These provisions are referred to as “Special and Differential Treatment” provisions.

Special and Differential Treatment (SDT) is a set of GATT (General Agreement on Trade and Tariffs) provisions (GATT 1947, Article XVIII) that exempts developing countries from the same strict trade rules and disciplines of more industrialized countries.

The special provision include:-

- Longer time periods for implementing Agreement and commitments;
- Provisions requiring all WTO members to safeguard the trade interests of developing countries;
- Support to help developing countries build the infrastructure for WTO work, handle disputes and implement technical standards; and

Special and Differential Treatment (SDT) was originally intended to increase the participation of Less Developed Countries (LDCs) in the global trading system, allowing for special preferences to gain access to longer, more competitive markets. The next major advancement in ensuring special treatment for less developed countries was the formation of the GSP in 1968, the first official non reciprocal agreement for less developed countries.

Two core principles of the multilateral trading system are Most Favored Nation (MFN) and National Treatment (NT), which ensure non-discriminatory treatment among the 150+ members for trade in goods under the General Agreement for Trade in Goods (GATT 1994).

An overarching exception to such non-discriminatory treatment in WTO as was rightly noted by Diemond (2006), is contained in the “Enabling Clause”, a legal provision which allows for deviations from the norm. The Enabling Clause explicitly sets out the conditions under which developed member states may circumvent general obligations to confer Special and Differential Treatment (SDT) to developing and Least Developed Countries (LDCs). In other words, the Enabling Clause allows for the violation of MFN and NT principles for sake of preferential market access to the developing world. Again the 1979 Decision on Differential and more favorable Treatment, Reciprocity and Fuller Participation of Developing countries, or the Enabling Clause, provided a more comprehensive and specific set policies for trade between less developed countries and developed countries (Zappile 2011). A crucial element of the “Enabling Clause” was the concept of non reciprocity, which allows for the GSP and other preferential agreements to exist under the GATT/WTO system. In addition, it allowed for preferential agreements between developing countries and dealt specifically with non tariff barriers. The GSP truly codified special and differential treatment by providing a formal agreement granting preferences to less developed countries on a non reciprocal basis, which in spirit violates the Most Favored Nation (MFN) basis of the GATT/WTO framework. It was the Enabling Clause that opened the opportunity for agreement such as AGOA to exist under GATT/WTO MFN rules (see http://www.agoa.gov/AGOAIII_text_pdf).

The GSP was the first, and remain the primary, non reciprocal PTA (Preferential Trade Agreement); this type of arrangement has been more recently used as a tool for major powers wishing to extend market access, reinforced reforms and foster other partnership with less
developed country regions (Zappile 2011). AGOA surpassed the GSP in coverage of trade for sub Saharan Africa, making it arguably the most important trade agreement for eligible African countries and underscoring the importance of this region to American interest. This is concurred by 2003 Report Prepared for the United Nation Conference on Trade and Development:

AGOA is in the second tier of preferential treatment, below free trade agreements but above the GSP....AGOA is one of three regional preferential programmes that are more generous than GSP, insofar as they each cover a wide range of products than the GSP and are not restricted by that programme’s limitation (the AGOA: A Preliminary Assessment, A Report for the United Nation Conference on Trade and Development 2003: 4).

However, the non reciprocal North – South trade agreement seeks to promote three specific goals between the United States and member countries; that is the SSA eligible member countries and the three specific goals are: trade, investment and economic corporation (Zappile 2010). An additional underlying goal is economic growth, which is often included in non reciprocal agreements given the structure of the agreement between a single developed country and a group of less developed countries. AGOA currently offers 38 eligible African countries duty – free access for most goods, providing coverage for additional commodities above and beyond those covered under GSP.

However, the impact of AGOA preferences can only be understood when juxtaposed over the existing legal frame work for US – African trade relations. AGOA is one of a long series of multilateral, bilateral and unilateral trade preference regimes extended by developed countries to their trading partners (see http://www.papers.ssrn.com). Economist Jagdish Bhagwati concurred with the above assertion when he referred to the trend as the “spaghetti bowl phenomenon” – that is the proliferation of overlapping trading arrangements where countries extended preferences in different directions. Another observer like Zappile (2011) refers to US trading regime to a patch work quite of special programs and agreements. In other words, the GSP truly codified special and differential treatment by providing a formal agreement granting preferences to less developed violations of the most Favored Nation (MFN) basis of the GATT/WTO frame work.

Those countries that receive only normal trade relations account for just over half of US imports. These regional, bilateral and unilateral trading arrangements represent a deviation from the fundamental Most Favored Nation
(MFN) principle of Post World II international trade (McCormick, 2006: 17).

It must be understood however, that this MFN principle was enshrined in the original 1974 General Agreement on Tariff and Trade (GATT) and reaffirmed by the Uruguay Round Trade agreement that created the World Trade Organization (WTO) (http://www.codesria.org/pdf/nafukho.pdf). This MFN principle we must point out here prohibits states from selectively applying trade benefits. The principle states that WTO members should treat all other members alike, that is in a non – discriminatory to a trade concession in the context of multilateral negotiations, the concession must be extended to all members.

It would be pertinent to stress that the impetus for unilateral trade preferences for developing countries took hold in the 1960s and then crystallized for the United States in the 1970s. The first preferences were an outgrowth of the trading relationships between newly independent states and their former colonial powers. Developing countries united through the Group of 77 (that is a coalition of lesser-developed countries formed in 1964) in the 1960s and mobilized their political clout in the United Nation Conference on Trade and Development (UNCTAD) to fight for liberalized access to markets in industrialized nations. Scholar such as Raul Prebisch at the same time articulated a theory of development based on import substituting industrialization, the notion of building domestic manufactured goods. It is this desire to improve developing countries deteriorating terms of trade (a byproduct of depressed commodity prices) combined with the movement for import substitution to provide a strong argument for unreciprocated trade preferences. In 1971, parties to the GATT passed a waiver authorizing developed countries to establish broad based and unilateral Generalized System of Preference (GSP) for developing countries. The waiver was replaced with a permanent authorization, referred to as the “Enabling Clause.”

The Enabling Clause is the WTO legal basis for the Generalized System of Preference (GSP). Under the GSP, developed countries offer non – reciprocal preferential treatment (such as zero or low duties on imports) to products originating in developing countries. Preference – giving countries unilaterally determine which countries and which products are included in the scheme (http://www.africaneconomicoutloook.org).

The United States GSP program was enacted in Trade Act of 1974 but did not become effective until 1976 (http://www.agoa.info). In addition, 1800 additional products are
eligible for tariff – free treatment if they arrive from certain least Developed countries (that is a sub set of the GSP). Because the United State underlying trade preferences regime already covered a significant share of commerce between the United States and Africa, AGOA’s practical impact on trade volume has been marginal. Nearly 90 percent of products eligible for AGOA’s benefits were already tariff free under the enhanced GSP program it imported from qualified least developed countries.

In addition to covering 1,800 tariff lines beyond GSP, AGOA includes a specific textile benefit. This is often referred to as the “shining star” of AGOA. Eligibility for this benefit is more selective than the general AGOA criteria and as a result is available to fewer members. The textiles benefit as we pointed out earlier in the foregoing chapter amount to duty-free preferences for specific textile goods but are also subject to RoO (Rule of Origin) limitations that are protectionist in nature (Krishna & Kruegar 1995). The Rule of Origin limits foreign content to 25% to be eligible for duty-free access. African fabrics and fabrics originating from other less developed countries that are not included in AGOA, however, are still subject to quotas. A 2008 update by the US international trade commission to the textile quotas capped textile of non-US origin to 1.5% of US imports allowing for a 3.5% increase.

However, it would be crucial to point here that AGOA does not extend wholly new or unique benefits to sub-Saharan African countries; instead it is only the latest in a series of preferential arrangement with specific regions of the developing world.

Just as we pointed out earlier, the US trade regime today is a patch work quilt of special programmes and agreements, in which those countries that receive only normal trade relations (NTR) account for just over half of all US imports

Most sub-Saharan African countries were already designated for benefits under the GSP when AGOA came into being and many of them also enjoyed the broader product coverage that is available to LDCs. However, it is important to compare the real benefits of the programme with the states of countries in US policy prior to AGOA. The difference between AGOA status and ordinary NTR treatments may appear rather wide, so it would be appropriate to do only a comparison between AGOA and GSP. We are going to do a table representation of that below.

Table 4.1: the Hierarchy of Preferences in the US Trade Regime
Listed in declining order of preferences: share of 2001 imports from a total of $1,132.6 billion
<table>
<thead>
<tr>
<th>Table</th>
<th>Share of total US imports</th>
<th>Average tariff on imports</th>
<th>Share of enjoying preferences</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reciprocal Preferences</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free trade Agreement (FTA)</td>
<td>Canada, Israel, Jordan and Mexico enjoy comprehensive duty-free access</td>
<td>3.1.7%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Non-reciprocal Regional Preferences</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>African Growth and Opportunity Act (AGOA)</td>
<td>Sub-Saharan African countries enjoy duty-free access for nearly all goods; some also have duty – and quota free access for textile and apparel</td>
<td>0.8%</td>
<td>0.7%</td>
</tr>
<tr>
<td>Caribbean Basin Initiative (CBI)</td>
<td>Central African and Caribbean countries enjoy duty free for most goods and ‘NAFTA Parity’ for all others</td>
<td>1.8%</td>
<td>2.8%</td>
</tr>
<tr>
<td>Andean Trade Preferences Act (ATPA)</td>
<td>Four Andean countries enjoy duty free access for most goods (this expired in late 2001 but may be renewed soon)</td>
<td>0.8%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Non-reciprocal global Preferences</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Generalized System of Preferences (GSP)</td>
<td>Beneficiaries enjoy duty –free for some goods, but many items were excluded; product coverage countries</td>
<td>9.8%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Non – Preferential treatment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Normal Trade Relation (NTR)</td>
<td>Formerly known as most favored nation (MFN); NTR for some communist or transnational economies is conditional upon their</td>
<td>53.9%</td>
<td>2.2%</td>
</tr>
</tbody>
</table>
emigration practices

| Denied NTR | Cuba, the Lao people’s Democratic Republic and the Democratic People’s Republic of Korea are subject to non-NTR rates | 0.1% | 35.1% | 0.0% |
| Trade embargo | Iraq and the Islamic NTR treatment but are subject to partial trade embargoes | 0.4% | 0.3% | 0.0% |
| World | | 100.0% | 1.6% | 22.1% |

**NOTE:** with the exception of countries that are subject to trade embargoes, imports from a country are counted in the category representing the most favorable treatment that it receives. For example, imports from AGOA, ATPA and CBI countries are classified here under those programmes even though they are also eligible for GSP treatment. **Source:** Classification from the Harmonized Tariff Schedules of the United States (2002). Trade Data Calculated from USITC’s Trade Data Base.

The figure in the table above only give us the greatest data about the actual use of those programmes and therefore do not tell us whether they stimulate any additional trade between the United States and the beneficiary countries.

**Table 4.2:** US Imports of non-oil, non Apparel Products from selected Partners by Tariff Treatment of the Export Country or group, 1991, 2001.

<table>
<thead>
<tr>
<th></th>
<th>1991</th>
<th>2001</th>
<th>increase</th>
<th>Departure from norm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full duty-free access</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>82,950</td>
<td>187,961</td>
<td>126.6%</td>
<td>-13.2</td>
</tr>
<tr>
<td>Mexico</td>
<td>24,507</td>
<td>113,329</td>
<td>362.4%</td>
<td>+222.6</td>
</tr>
<tr>
<td>Substantial duty-free access</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CBI</td>
<td>5,148</td>
<td>10,290</td>
<td>99.9%</td>
<td>-39.9</td>
</tr>
<tr>
<td>beneficiary countries</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------</td>
<td>------</td>
<td>----------------</td>
<td>-------------</td>
<td></td>
</tr>
<tr>
<td>ATPA beneficiary countries</td>
<td>3,405</td>
<td>6,943</td>
<td>103.9%</td>
<td>-35.9</td>
</tr>
<tr>
<td>LDC GSP beneficiary countries</td>
<td>35,313</td>
<td>86,921</td>
<td>146.1%</td>
<td>+1.3</td>
</tr>
<tr>
<td>Limited duty free access</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GSP beneficiary countries</td>
<td>35,313</td>
<td>86,921</td>
<td>146.1%</td>
<td>+6.3</td>
</tr>
<tr>
<td>No duty free access</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>European union</td>
<td>89,084</td>
<td>214,748</td>
<td>141.1%</td>
<td>+1.3</td>
</tr>
<tr>
<td>Japan</td>
<td>90,084</td>
<td>215,986</td>
<td>38.5%</td>
<td>+101.3</td>
</tr>
<tr>
<td>China</td>
<td>14,200</td>
<td>92,029</td>
<td>548.1%</td>
<td>+408.3</td>
</tr>
<tr>
<td>World</td>
<td>413,960</td>
<td>992,786</td>
<td>139.8%</td>
<td>-</td>
</tr>
</tbody>
</table>

Know that Canada’s duty-free treatment was phased in during 1989 – 1998; Mexico’s phase began in 1994 and still under way.

**NOTE:** the Data exclude all items in SIC categories 13 (natural gas and crude oil) and 23 (apparel and related items).

**Sources:** Calculated from USITC Data.

The table 4.2 above summarizes the changes in US imports of non oil, non apparel product from major partners during 1991 – 2001. If preferential tariff treatment were to be a major determinant of success in export competition, we would expect correlation between the degree of preferences and the rate of growth in exports. There is no such pattern in the data. Following the table, we will observe that both Canada and Mexico enjoyed nearly complete duty free access to the US market during the period, the growth in Canada’s exports to the
US market was below the world average, while Mexico was up above. Again from the table one will expect the beneficiaries of the Caribbean Basin (CBI) and Andean Trade Preferences Act (ATPA) to do much better than countries that enjoy the much less generous benefits of the GSP; the same thing goes for the beneficiaries of the special GSP programme for Least Developed countries (LDCs) quite to the contrary, imports from the CBI, ATPA and LDC countries grow at a much slower than imports from the world as a whole while the ordinary beneficiary countries slightly outpoured the world average.

In fact the summary of the table 4.1 above is that countries performances in exports to the United States over the past decade were not determined by the tariff treatment that they received. Instead the data limit or indicate that export performance correlation with economic reforms in the exporting country. For instance in North America, Mexico has under gone much more significant reforms over the past decade than has Canada. This really went a long way towards helping them to stimulate foreign investment and trade. We can also discern the same pattern among countries that have only NTR access to the US market.

AGOA has the potential to eliminate all duties on all sub-Saharan African countries. The benefits of AGOA when viewed from the abstract may sound extremely generous but the available data we used in the course of this research work points to the fact that for most countries in the region the net impact is likely to be small for non-textile products. This also was the US experience in the Caribbean Basin and Andean countries. The actual benefits of the programme vary by both country and products.

Although the programme contemplates extending duty-free treatment to virtually all products that do not currently receive open access to the US market, there is however, one important qualification. The law permits the President to designate to AGOA only those products that are determined not be “import-sensitive” in the context of imports from beneficiary sub-Saharan African countries. Except for textile and apparel products, virtually all dutiable items that the United States currently imports from sub-Saharan African LDCs were already eligible for duty-free treatment under GSP.

Owing to the foregoing, we must point out here that special and differential treatment has number of undesirable cost – associated with it. One of the shortcomings in the special and differential treatment is that, even in sectors where differential tariffs increase developing country exports, the preferences might or lead to specialization in products where
the beneficiary country did not have inherent comparative advantage and such scenario could result in socially wasted investment. Again incase political conflict arise among participating and non participating countries, administrative cost relating to rules of origin may reduce the value of preferences to beneficiaries and targeted preferences may encourage oppositions to multilateral liberalizations from states profiting from the uneven playing field. According to Robert Hudec (1980), the voluntary nature of special and differential treatment and its exclusion from GATT’s binding commitments, significantly impairs the effectiveness of preferential regimes. Developed countries tend to employ legal mechanisms such as automatic graduation provisions and preference ceiling, which remove preference eligibility when certain requirements are met (http://www.codesria.org/pdf/nafukho.pdf). In fact, automatic triggers do not apply, import competing domestic industries can exert pressure to curtail preferences through political channels, these cost and preferences through political channels, and these cost and restrictions diminish the benefits of special and differential treatment.

Again, we noticed from the volumes of material available for this research that AGOA exempts Africa beneficiaries from “competitive need” limitations imposed by GSP. Competitive need as McCormick rightly states “require the President to suspend GSP treatment when US imports of a product from a single country reach a specialized threshold value or when 50 percent of total US imports of the product come from a single country (McCormick 2006). This benefit is deceptive because African economies tend to be small that there is virtually no risk that a single African state will trigger the competitive need limitation by providing half of US imports of any individual product.

We pointed out from the beginning that AGOA is the second tier of preferential treatment below free trade agreements but above GSP. However, while preferences are found to have a positive role for some countries some of the time, it appears preferences may not have the desired effect of increasing exports or welfare for African and Caribbean countries. In fact, when preferences were excluded in the simulations for sub-Saharan Africa countries there was an increase in exports; alternatively, including preferences in the model resulted in 3% decrease in export (Zapille, 2011). This suggests the agreement is trade – diverting rather than trade creating. Given to the foregoing, it appears preference suppresses export levels for sub-Saharan African countries despite policy goal of increasing both exports and welfare.
Again AGOA primarily relies on unilateral reduction of tariffs to promote African trade and investment, but tariffs are only one of the many barriers imposed by US trade policy that discourage African exports. Non tariff barriers include plant and food regulations, technical barriers, anti dumping and countervailing duties and agricultural subsidies. While the impact of tariffs could be easily quantified, measuring the impact of non – tariff barriers to trade presents a greater challenge.

4.2 AGOA and African’s Fragile Textile and Apparel Sector.

AGOA aimed at developing the textile industry in SSA countries as this has the potential to contribute positively to employment creation due to its labor intensive nature. In other words, the labor-intensive nature of the textile and apparel industry makes it possible for developing countries to actively compete with European and American producers notwithstanding the technological superiority of firms based in industrialized states. Government is developing countries, particularly in Asia, have used textile and apparel manufacturing as a foundation for industrial development (see, www.papers.ssrn.com/sol3/papers.cfm).

It is evident from the above assertion that textile and apparel industry hold much hope for sub-Saharan African countries. It must be recognized however, that in addition to covering 1,800 tariff lines beyond GSP, AGOA includes a specific textile benefit, which is often referred to as ‘the shining star of AGOA’ (just as we pointed out earlier) and eligibility for this benefit is more selective than the general AGOA criteria and as a result to duty-free preferences for specific textile goods but are also subject to RoO (Rules of Origin) limitations that are protectionist in nature.

AGOA contains special ‘wearing apparel’ provisions which set out the conditions under which clothing made in beneficiary countries qualify for preferential market access to the US market. The most prominent amongst these provisions is a RoO (Rule of Origin) requirement applicable only to the least developed countries plus Botswana, Namibia and (more recently) Mauritius (Naumann, 2010: 9).

AGOA allows duty-free and quota free treatment for textile and apparel under any of the following conditions:-

- Apparel must be assembled in one or more AGOA beneficiary countries from US fabrics that was made from US yarns and cut in the United States.
Apparel must be assembled in one or more AGOA beneficiary countries from US fabric that was made from US yarns. The apparel must be cut in an AGOA country and assembled using US thread; or

Apparel must be assembled in one or more AGOA beneficiary country (defined as having a per capita gross product less than $1,500 in 1998 as measured by the national world Bank), that product qualifies for duty-free and quota–free treatment through September 30, 2004 (this dead line was later extended to 2007 and then 2012), regardless of the country of origin of the fabric. The square meter equivalent cap on products under this category is 3.5% of all US imports (see CRS Report for Congress, prepared for members and committees of Congress http://www.crs.gov).

Again to receive the duty – free and quota – free treatment for textile and apparel products as we described above, beneficiary countries must adopt an efficient visa system to prevent unlawful transshipment. They also must work with the US Customs Service to report exports and prevent illegal trade. In addition to that, AGOA provided that the secretary of commerce must monitor for surges in imports, with the possible withdrawal of duty free treatment if imports surge beyond a certain level.

Due to widespread sensitivities around preferences for textile and clothing trade generally (as well as around AGOA’s wearing apparel measures), only beneficiary countries that have implemented a number of special measures including a so-called apparel visa system to the satisfaction of US authorities are allowed to export apparel under the Act (http://www.agoa.info/index ). AGOA’s wearing apparel measures are set out in section 113 of the Legislation and these can be summarized as thus:-

- Countries must have implemented a visa system to prevent the unlawful transshipment of covered textile and clothing articles and the use of counterfeit documents relating to such shipments.
- US customs service verifications teams must be given sufficient access (by a country) to be able to investigate cases of transshipment through that country.
- At the request of the US Customs Services, countries must provide statistical details of imports and exports of textile and clothing articles, as well as any documents establishing the country of origin (including information on the place of manufacture, number and identification of machine used, place of production).
Countries must agree to compel producers and exporters of textile and clothing articles covered under AGOA to maintain complete records of inputs used in the production of textiles and clothing for at least two years (Naumann, 2010).

However, the Rules of Origin under AGOA’s wearing apparel provisions are product specific (that is specific processing; or technical requirements) and this include a number of different categories. The most notable is the Rule of Origin (RoO) that permits lesser developed beneficiary countries to utilize third – country fabric inputs without losing AGOA eligibility. This allows exports source competitively priced fabrics from abroad with the making up (locally) of garment sufficient to confer local origin states. This provision was also extended to Namibia and Botswana as part of legislative changes undertaken in 2002, the result of which was known collectively as AGOAII. Mauritius was later classified as a country eligible to export qualifying clothing made from third country fabrics.

Originally this provision, Just as we pointed out earlier in chapter two of this research work, was scheduled to expire at the end of September 2004, its intention being to help kick – start clothing sectors under the Act and provide incentives for the development of upstream textile capacity in anticipation of stricter RoO (Rule of Origin) after 2004. But owing to the standout success of rapidly – growing clothing exports from lesser developed countries, further amendments to the legislation first extended the third country fabric provision to 2007, and later to 2012 with proposed legislation currently in the table to extend this further to 2015.

Like we pointed out before now, AGOA policy targets the textile and clothing industry and thus provides for preferences for many of its products. The positive implication for this is that this sector requires little startup capital and is labor intensive and thus has the potential to alleviate unemployment in the sub – Saharan African countries. In other words, the labor intensive nature of the textile and apparel industry makes it possible for developing countries to actively compete with European and American producers, notwithstanding the technological superiority of firms based in industrialized countries (McCormick, 2000: 20). Governments in developing countries, particularly in Asia have used textile and apparel manufacturing as a foundation for industrial development.

However, the initial effects of AGOA in general and these special provisions in particular have been mixed. Only 14 of the 36 eligible countries have significant export entering the United States under the AGOA regime. Moreover, oil and related products accounted for more than 90%
of export benefiting from AGOA preferences in 2001, and more than 80% in 2002 (http://www.agoa.gov/index). Apparel accounts for around 5% of total AGOA exports in 2001 and 10% in 2002. As of July 2002, following the source from AGOA website (http://www.agoa.gov), there were no significant exports of any other products under AGOA provisions from any other country except Malawi and South Africa. The apparel provision of AGOA led to a significant growth in the apparel exports from a small group of countries. The source from CRS (Congress Research Service) web. 2004, indicates that in January 2001 and July 2002, the total apparel exports from AGOA countries to the US was $1.4 billion, representing around 1.5% percent of total US imports of apparel (defined as those entering under HS 61 and 62). During the same period, only half of the exports from AGOA eligible countries, around $720 million, actually entered under the AGOA provisions while the MFN tariffs were imposed on the rest. From our observation seven countries had accounted for 99% of the apparel exports from sub Saharan Africa to the US in 2000 before AGOA. These are Kenya, Lesotho, Madagascar, Malawi, Mauritius, South Africa and Swaziland. AGOA did not cause any other to enter the apparel market and it is the same countries that have continued to account for 99% of apparel export under AGOA (see http://www.crs.gov_RL31772). On the other hand, these seven countries experienced remarkable growth in export level to the US. Their aggregate volume increased by 29% in 2001 and by 20% the first six months of 2002.

Table 4.3: US Textile and Apparel imports of AGOA – Eligible Countries (General Custom Value, at HTS8 level).

<table>
<thead>
<tr>
<th>Country</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Botswana</td>
<td>0</td>
<td>3708</td>
<td>6344</td>
<td>20118</td>
<td>30043</td>
<td>27687</td>
<td>31333</td>
<td>15802</td>
<td>1261</td>
<td>4778</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cameroon</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>35</td>
<td>33</td>
<td></td>
</tr>
<tr>
<td>Cape Verde</td>
<td>0</td>
<td>0</td>
<td>2.452</td>
<td>2.902</td>
<td>2115</td>
<td>85</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>163</td>
<td>1297</td>
<td>1684</td>
<td>3327</td>
<td>3509</td>
<td>4872</td>
<td>4560</td>
<td>9357</td>
<td>6619</td>
<td>3312</td>
</tr>
<tr>
<td>Ghana</td>
<td>0</td>
<td>324</td>
<td>4.254</td>
<td>7.099</td>
<td>4.986</td>
<td>8.807</td>
<td>7.517</td>
<td>766</td>
<td>275</td>
<td>596</td>
</tr>
<tr>
<td>-------------</td>
<td>-------------</td>
<td>-------------</td>
<td>-------------</td>
<td>-------------</td>
<td>-------------</td>
<td>-------------</td>
<td>-------------</td>
<td>-------------</td>
<td>-------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Kenya</td>
<td>51.684</td>
<td>121.3</td>
<td>176.2</td>
<td>271.48</td>
<td>266.61</td>
<td>258.90</td>
<td>244.77</td>
<td>246.1</td>
<td>194.834</td>
<td>79.44</td>
</tr>
<tr>
<td>Lesotho</td>
<td>129.24</td>
<td>317.6</td>
<td>372.6</td>
<td>446.49</td>
<td>388.34</td>
<td>384.45</td>
<td>379.46</td>
<td>338.6</td>
<td>276.885</td>
<td>106.1</td>
</tr>
<tr>
<td>Madagascar</td>
<td>92.048</td>
<td>75.41</td>
<td>186.2</td>
<td>314.18</td>
<td>272.96</td>
<td>229.49</td>
<td>281.43</td>
<td>277.0</td>
<td>209.943</td>
<td>0</td>
</tr>
<tr>
<td>Mali</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Mauritius</td>
<td>38.874</td>
<td>106.4</td>
<td>134.9</td>
<td>147.79</td>
<td>146.81</td>
<td>145.77</td>
<td>112.34</td>
<td>97.01</td>
<td>98.6</td>
<td>48.25</td>
</tr>
<tr>
<td>Mozambique</td>
<td>0</td>
<td>187</td>
<td>2176</td>
<td>1805</td>
<td>2512</td>
<td>658</td>
<td>161</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Namibia</td>
<td>0</td>
<td>1539</td>
<td>3213</td>
<td>75906</td>
<td>53058</td>
<td>33010</td>
<td>28576</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Nigeria</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>18</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>South Africa</td>
<td>30.487</td>
<td>85.26</td>
<td>126.8</td>
<td>114.61</td>
<td>61.621</td>
<td>41.978</td>
<td>21.335</td>
<td>15.95</td>
<td>10.1</td>
<td>2.200</td>
</tr>
<tr>
<td>Swaziland</td>
<td>8.195</td>
<td>73.71</td>
<td>126.8</td>
<td>175.64</td>
<td>159.17</td>
<td>134.48</td>
<td>134.53</td>
<td>124.4</td>
<td>94.1</td>
<td>39.28</td>
</tr>
<tr>
<td>Tanzania</td>
<td>0</td>
<td>124</td>
<td>851</td>
<td>2520</td>
<td>2811</td>
<td>2994</td>
<td>2810</td>
<td>1501</td>
<td>996</td>
<td>245</td>
</tr>
<tr>
<td>Uganda</td>
<td>0</td>
<td>0</td>
<td>1414</td>
<td>4010</td>
<td>4840</td>
<td>1253</td>
<td>1134</td>
<td>403</td>
<td>138</td>
<td>57</td>
</tr>
<tr>
<td>Zambia</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>22</td>
<td>0</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>355.38</td>
<td>798.4</td>
<td>1.197</td>
<td>1.613</td>
<td>1.421.8</td>
<td>1.292.6</td>
<td>1.269.6</td>
<td>1.139</td>
<td>914.001</td>
<td>287.9</td>
</tr>
</tbody>
</table>

**Source:** US International Trade Commission (2010)

*Denotes Year-to-Date values, January to June 2010.

**Note:** this figure is that of AGOA excluding GSP

Our table 4.3 above illustrates the trade flows from all AGOA eligible countries regarding textile and apparel (excluding GSP) at the HS 8 digit level, through the life of the act (in order to provide a holistic assessment of benefits reaped since AGOA inception, recently non-eligible countries such as Madagascar have been excluded) in terms of the overall imports, there has been
a significant supply response during the year 2001 and 2004, from $355 million to $1.6 billion, amounting to an over 400% increase. The table 4.3 above indicates that there has been an evident economic pay off for countries such as Kenya, Lesotho, Madagascar, Mauritius, south Africa, Swaziland, Botswana and to less extent Ghana, Ethiopia, Malawi, Tanzania, Uganda, and Cape Verde. Again the table indicates that there was a sharp decline in 2005 to $1.4 billion as the effects of the MFA expiration began to be felt. Since then, textile and apparel imports have been gradually decline to a low of $914 million in 2009, although this is still higher than 2001 levels. Again and more importantly, preference utilization is essentially limited to thirteen countries only, less than half of textile and apparel beneficiaries (like we pointed earlier there are special rules that apply for textile and apparel eligibility).

Again, much of the economic and political focus of AGOA has invariably been on the clothing sector (Naumann, 2010). There are a number of reasons for this, some of which are:-

I. Clothing manufactures is a fairly basic secondary economic activity and are widely distributed in Africa.

II. It presents significant opportunities for economic upgrading as many developing countries move away from an almost exclusive focus on natural resources and agriculture.

III. It represents a very favorable investment cost to employment creation ratio.

IV. Under AGOA the rules of origin for most beneficiary countries are extremely favorable, considering also that imports duties for trade under normal tariff relations are generally high.

Just as we stressed earlier, textile and clothing are subject to special dispensation under AGOA. Textiles are largely excluded from preferential access, but limited coverage is provided to so call traditional fabrics. Duty-free clothing trade must fall into one of almost a dozen special categories devised under AGOA, with the two most important ones being “apparel from foreign fabric made in a lesser developed countries” and “apparel from regional fabric from US or African yarn”. The former is open only to countries that have fulfilled special “apparel visa” requirements to assist in the monitoring and traceability of sourcing, production and trade (http://www.agoa.info/index.php?view). It forms by far the bulk of AGOA-eligible exports in the textile and clothing category. In 2009 for instance, almost 90% of clothing exports from AGOA from AGOA-eligible exports from AGOA – eligible countries were shipped under this
category, which requires only a single transportation (from fabric to garment) locally. A further 5% consists of clothing made from local or regional yarn (using African or US fabric), which translates into a triple stage processing requirement and the main exporters in this category are Mauritius and South Africa.

**Table 4.4:** Clothing Exports under AGOA by Preference Category

<table>
<thead>
<tr>
<th>Category</th>
<th>HTS code</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total clothing exports</td>
<td></td>
<td>$1,292mn</td>
<td>$1,151mn</td>
<td>$921mn</td>
</tr>
<tr>
<td>Total clothing exports under AGOA</td>
<td></td>
<td>$1.26mn</td>
<td>$1.137mn</td>
<td>$914mn</td>
</tr>
<tr>
<td>Clothing from foreign fabric made in a lesser developed country</td>
<td>9819.11.12</td>
<td>$1.104mn</td>
<td>$985mn</td>
<td>$818mn</td>
</tr>
<tr>
<td>Clothing from regional fabric from US or African yarn</td>
<td>9819.11.09</td>
<td>$81.4mn</td>
<td>$58.2mn</td>
<td>$44.5mn</td>
</tr>
<tr>
<td>Clothing from fabric or yarn in short supply</td>
<td>9819.11.21</td>
<td>$39mn</td>
<td>$35mn</td>
<td>$30mn</td>
</tr>
<tr>
<td>Clothing from fabric or yarn not available in the US in commercial quantities</td>
<td>9819.11.24</td>
<td>$24mn</td>
<td>$26.6mn</td>
<td>$19.4mn</td>
</tr>
<tr>
<td>Cashmere sweater, knit-to-shape</td>
<td>9818.11.15</td>
<td>$2.1mn</td>
<td>$4.2mn</td>
<td>$2mn</td>
</tr>
<tr>
<td>Clothing made from fabric deemed to be available in abundant supply</td>
<td>9818.11.10</td>
<td>$12.4mn</td>
<td>$26.2mn</td>
<td></td>
</tr>
<tr>
<td>Category scrapped during 2008</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** US Office for Textile and Apparel (OTEXA).

The period 1996-2009 illustrates mixed fortunes for African clothing exports to the United States in the period to 2000 (the year in which AGOA was enacted), there was a steady increase in exports to the US, rising to $729 million in 2000. Mauritius and Kenya were the first two beneficiary countries who were declared eligible to export clothing under the Act (date of declaration January 18, 2001). Followed shortly afterwards by Madagascar (March 6, 2001) and South Africa (March 7, 2001). Madagascar, a major exporter of clothing has since been suspended from AGOA.
During the period 2001 – 2004, the total value of beneficiary countries clothing exports increased rapidly, rising to $1.7 billion in 2004 (http://www.agoa.info/index.php?). Of these entire figures, $1 billion qualified for duty free access under AGOA. A large proportion approximately 82% of AGOA clothing trade was shipped under the third country fabric provisions. Almost all US – bound exports were shipped within this category to countries such as Lesotho, Swaziland, Kenya and Madagascar. Were it not for very favorable origin requirement, much of this trade would be unlikely to have taken place at all.

The observed trade pattern can to a large extent be linked to global developments in textile and clothing sector at the time – especially with respect to the phasing out of quotas under the WTO Agreement on textile and clothing (ATC). Up until the end of 2004, global textile trade was still restricted in many categories, and consequently importers in the US (and others) were compelled to source textile and clothing from non-restricted countries (Naumann, 2010). African suppliers remained until that point, a particularly attractive proposition, especially given the favorable origin requirements which from a buyers’ perspective: (a) allow specification of style of fabrics to be used and (b) enabled African clothing manufacturers (as price takers) situated in AGOA – eligible in AGOA – eligible countries to source fabric from the most competitive global location and thus remains competitive in the export market.

Following the Data extracted from US Department of Commerce/ US international Trade Commission Data base, the period 2005 – 2009 witnessed a decline in clothing export to the United States. We also observed that the cumulative decrease from 2004 to 2009 was 48% in aggregate and 44% for clothing exports entering the US under preferential trade categories, exports utilizing third country fabrics decline by 38% while those using local fabric made from US and African yarn (South Africa, Mauritius) declined by 77%. Overall year-on-year data to June 2010 shows that exports of clothing under AGOA are down to 35% and given to Madagascar (a major beneficiary under the legislation) suspension from AGOA at the end of 2009, AGOA exports lowered to 15%. From the trade data a few key points emerge.

- The period 2001 – 2004 saw a rapid increase in clothing exports as a result of AGOA
- This trend was reversed from 2005 onwards.
- This decline coincided with the opening of markets after the removal of quotas in line with requirements of the ATC, and a consolidation of supply sources by US buyers.
The share of clothing exports under AGOA as a proportion of total clothing exports has increased significantly while exports without preference have fallen away almost entirely.

There has been a convergence between the value of trade in clothing made from third country fabrics (developing country beneficiaries) and aggregate clothing exports, indicating an almost complete reliance over the past few years on the preferences offered by AGOA (http://www.agoa.info/index.php?view).

Under the current dispensation, AGOA will expire in 2015 with the “wearing apparel provision relating to the use of third – country fabrics set to end in September 2012. Based on the current trade profile which indicates that only 5% of AGOA trade is not dependent on third – country fabrics, the post 2012 period will likely see most clothing trade under AGOA fall away. This would have serious negative consequences for those countries currently utilizing this feature, as, with exception of South Africa (whose clothing exports under the Act have fallen to $10 million in 2009 from $126million in 2003). Since AGOA’s inception, the special apparel provisions have twice been extended prior to expiry (first from 2004 to 2007 and then to 2012).

However, it must be emphasized here that American imports of textile and apparel products are subject to a complex set of rules designed to appease domestic constituencies by mitigating the unintended spillover of trade benefits to the third party states. US trade statutes and regulations include strenuous “rules of Origin” requirements to deter the transshipment of goods through countries that benefits from trade preferences (Flatters, 2002). The rules vary but under a commonly used regime, trading partners must prove that certain percentage of the value of the product was produced locally. In the case of AGOA, the US textile and apparel industry fought aggressively for a strict rule of origin regime that would have withheld trade preferences, unless the input used in African apparel (thread and yarn) came directly from the United States (McCormick, 2006). At the very least, the law requires that African beneficiaries produce the thread and yarn locally, as opposed to cutting Asian input. In other words the rules of origin require that the goods be assembled from African or American thread and fabrics. It (the rules of origin) were designed to deter Asian nations from attempting to circumvent American quotas and tariffs by transshipping goods through African. Many observers like (Flatters, 2002, Naumann 2010) perceived the call for strict rules of origin as disguised protectionism aimed at constraining growth in African imports.
The AGOA statute represents a compromise between the domestic producers favoring restrictive rules of origin and pro-Africa policy makers who nonetheless, questioned whether Africa would be able to capitalize on trade preference without the assistance of inexpensive Asian inputs.

The AGOA rules of origin for textile and apparel products were the subject of lengthy bargaining in the United States Congress. These internal negotiations were the principal reason why it took three years for the Clinton administration to win approval for the programme in Congress (United Nations, New York and Geneva, April 2003: 7).

The rules are quite strict, as they generally require that apparel articles must be made “from fabrics wholly formed and cut in the United States, from yarns wholly formed in the United states preferential treatment can be extended to products made with yarns or fibers that are not available either in the United States or Africa, or to apparel made from cashmere or silk yarns (UN, New York and Geneva, April 2003). The bill limits duty free access to the US market for African apparel made with African fabric and yarn, subject to a cap of 1.5 to 3.5 percent of overall US global apparel imports over eight years.

It is germane to point here that AGOA opened channel for the export of textile at levels previously not allowed under GSP or other trade agreements, because of restriction and other non - tariff barriers, such as more strict RoO (Rules of Origin) limitations just as pointed out before.

On the whole, result from AGOA suggest it has a valuable tool for promoting trade in a handful of states able to capitalize on textile and apparel preferences but the liberalization of global textile and apparel trade rules under the WTO agreements on textile and clothing threatens to reverse the small amount of progress achieved during the Act’s first years.

For instance AGOA transformed Kenya’s textile industry from a domestic supplier to an export – oriented industry (Zapile 2011). However, any hopes for long termed success in this industry have been hampered by RoO(Rules of Origin) limitation on local material suppliers. In other words, the United States’ implementation of WTO commitments on textile and apparel trade policy threatens to decimate the progress in the US-Africa apparel trade.

Again the Lesotho textile industry experienced similar changes under AGOA. For years, Lesotho has had a vibrant textile and clothing industry. The passage of AGOA, however,
helped Lesotho compete in the world’s largest apparel market that is United States. As a result, Lesotho has become Africa’s largest apparel exporter. Lesotho benefits from the special textile and apparel benefits for least developed countries (the third – country fabric ruled to be specific). In 2002, over half of the US imports admitted that under the special AGOA provision for least developed countries arrived from Lesotho’s textile and apparel industry doubled in size (2003 CRS Report for Congress). Following the source from the CRS report, employment rose from 20,000 workers in 2000 to about 45,000 workers in 2002, making Lesotho’s largest source of jobs and export earnings. Sectors growth has been driven by Asian and South African investors, largely reflecting not only Lesotho’s preferential access to major export markets, but also its labor costs of approximately $0.30 per hour in 2002, compared with $0.33 in Madagascar, $1.25 in Mauritius, and $1.38 in South Africa.

Overall, Lesotho’s economic competitiveness suffer from low labor productivity and the provision and an investment climate that presents “serious bottlenecks in the provision of utilizes and infrastructure, high security – related costs, and a relatively burdensome regulatory environment” (McCormick, 2006). Thus, while AGOA has promoted the development of Lesotho’s textile and apparel industry, the investment has not resulted from cross border United States – Lesotho investment. Rather, the bulk of investment in Lesotho’s garment sector has come from transitory East Asian firms evincing little interest in helping to promote Lesotho’s productivity and economic competitiveness.

Other beneficiary countries in SSA that are not oil producers are South Africa, Namibia, Madagascar and Swaziland, all having experienced substantial increases in exports after the introduction of AGOA and also having significant textile industries. However, the end of multi-fiber agreement of 2005 had negative impact in some of these countries as textile companies have shifted their operations to China leaving thousands of African workers without jobs (for example Lesotho, Kenya and Namibia) (see, Jaunch, 2005).

However, despite the intentions of AGOA to increase trade and development, trade restrictions such as RoO (Rules of Origin) as we pointed out in the forgoing have been cited as problematic by reducing the amount of development policy space in the developing countries (Wade, 2003). Rules of Origin as we know are critical to the development prospects of the textile and clothing industries in SSA countries. They are the outcome of negotiations among conflicting interests (Flatters, 2002). In fact, it would be germane to point here that opposition
to AGOA surfaced and evolved in response to provisions in the bill targeting US textile and apparel market as a potential area of growth for African exporters. Just we pointed out earlier; the drafters of AGOA believed Africans’ young and labor intensive apparel industry was capable of generating jobs and exports earnings if provided with the proper incentives. Proponents identified studies suggesting that as newly industrialized countries in East Asia continue to develop, they are focusing greater attention on capital-intensive manufacturers, creating opportunities for sub-Saharan Africa to step in and compete in labor-intensive industries (www.state.gov/p/af/rt/agoa/2005/49702.htm). For decades, the American textile and apparel market has sustained high barriers to entry that protect domestic producers from import competition particularly from low-cost manufacturers in Asia and Latin Americans. American textile and apparel producers have fiercely resisted efforts to broaden foreign producers’ access to the American market. This is buttressed by support of powerful legislators, a well-organized labor union and a succession of Presidential administration agenda (Bon 2006, McCormick, 2006). The protectionist constituency largely succeeded in insulating the textile and apparel industry from the broader movement toward trade liberalization.

The pro-African constituency on the other hand believed that by lowering market access barriers quotas and tariffs for African textile and apparel, they could provide a valuable impetus for African export diversification (Flatters 2002). The garment buyers and American pro-African lobbies would prefer relatively unrestrictive rules in order to make Africa as low-cost a supply source as possible and to maximize the employment creating and development possibilities from access to the US markets. On the other hand, they provide a captive market and hence unique development opportunity for upstream yarn and fabric producers.

However, the rule of origin is a double-edged sword; on the one hand they impose a serious handicap on regional garment industries wishing to take advantage of AGOA-related market opportunities. On the other hand, they provide a captive market and hence unique development opportunities for upstream yarn and fabric producers.

Serious limitations in regional yarn and fabric production capacities have already been identified (Coughnn Rubin & Darga 2001; Stern and Netshitomboni 2001). Early AGOA experiences with Mauritian garment exporters and US garment buyers suggest that there is room for considerable regional collaboration among buyers, garment exporters and yarn and
textile producers to develop regional capacities, especially among existing companies in South Africa.

Nothing illustrates better the potential of AGOA for promoting the development of regional textile production capacities than the recent experiences of South African textile in Mauritius. According to the long – time head of a major Mauritian garment exporting company, in the 10 years prior to AGOA, he had never had any contact with even a single South African textile producers. Within three months of the signing of AGOA, he had received calls or visits from a dozen such producers.

A visit to the offices of a major US garment buyer in Mauritius tells the same story. Within months of the passage of AGOA, the company’s meeting room and offices were lined with samples of fabric from South African mills. These products were being closely examined with a view to developing them for use in garments made in Madagascar, Malawi, Mauritius, and other regional centers for sale in the US under AGOA. The US buyers were working closely with these South African producers in order to help them develop the capacity to meet the stringent standards of the US market (http://www.agoa//.../AGOA111_textpdf). NTBs and bureaucratic regulations associated with rules of origin and other requirements of intra SADC trade will hinder not assist, in the exploitation of the job and wealth creating political of AGOA.

In other words, AGOA’s restrictive rules of origin for textiles and apparel imports constrain the growth and development of African’s apparels industry (Coughliia, Rubin & Darga, 2001). Complex rules of origin create the potential for hidden protectionism because they accompany a legitimate trade policy instrument – preferential trading arrangements. Often, rules of origin are so restrictive that they create unnecessary obstacles to trade and thus lose their ‘meaning’ that is instead of serving their primary purpose of preventing trade deflection and arguably, fostering industrialization in developing countries through the development of vertically integrated production structure domestically, preference receiving countries often cannot comply with such strict rules or can only do so at a prohibitive cost, therefore, losing the benefit of the preference. Although there is no simple answer to finding the optimal rule which strike a balance between costs imposed on the recipient on the one hand and providing incentives to add value to the recipient of the other, African country experiences thus far have not been favorable.
4.3 AGOA and Agricultural Investment in SSA countries.

The growth of agricultural trade holds much potential for improved economic growth in Africa. Most Africans rely on agricultural production for their income. It is estimated that 62% of the labor force in Africa works in agriculture and in poorer countries, that portion is as high as 92% (http://www.nationmaster.com/graph). By exporting to the US market, African agricultural producers could receive higher prices for their goods; and in order for this to occur, the United States may need to further open its market to African agricultural products and African agricultural producers will need to meet the high standards of the US market.

AGOA III seeks to improve African agricultural market access to the United States by providing assistance to African countries to enable them meet US technical agricultural standards (http://www.nationmaster.com/graph-T/agr_lab_sha/AFR). African agricultural producers have previously faced difficulties in meeting these standards.

Fruits and fruit juice are largest agricultural product categories exported to the United States from AGOA beneficiaries. Trade within this sub-category alone was worth $60 million in 2009, having reached a peak in 2008 when $81 million worth of fruit and fruit juice was exported to the US. Data extracted from the US Department of Commerce/US International Trade Commission Data base provides an overview of the sectors’ export performance since 1996; the data revealed that while there was steady growth in exports in the period 1996 – 2006 (including the decline in 2001, the first full year of AGOA), exports have declined slightly since then and are now at similar level to 2000, the year of AGOA’s inception. One of the key developments in the trade performance of this sector is that apart from steady growth in exports, non-preferential trade has largely been replaced by preferential trade (see, Data extracted from US Department of Commerce/ US International Trade Commission Data Base, 2009).

AGOA, in other words has assisted exporters to be more competitive in the US market, and has helped grow trade volumes. The two most important product categories within this group are oranges (HTS 08051000) and mandarins (HTS 08052000), which both gained eligibility for preferential treatment as a result of AGOA and have since then accounted for most trade in this sector (2009: 63%). Oranges are subjected to a normal (MFN) tariff of 1.9c/kg, and with AGOA removing this, South Africa as a beneficiary country has become the leading foreign supplier of oranges to the US market, followed by Australia. South Africa’s share of total US imports in this category has at times in the past decade exceeded 50%,

In 2009, following the above source, a little over 90% of AGOA – eligible exports from this category came from South Africa, and in order of importance consisted of fresh oranges, mandarins, raisins, pears and quinces with very small amounts of grapes and other fruits. The only other meaningful contribution to the total was from Kenya, which recorded approximately $4million worth of pineapple juice exports under AGOA. Minor exports under AGOA were also recorded by Ghana, Swaziland and Uganda. Only $3million worth of exports in this category was not shipped under preference. Minor exporters also include Mauritius, Cameroon, Mozambique, Nigeria, Burkina Faso, Sierra Leone and Namibia.

AGOA III Bill specifically call for the secretary of agriculture to assign 20 full – time personnel to at least 10 countries in Africa to provide this assistance. H.R 3572 and S. 1900 provide further market access by removing the import sensitivity test, which disallows preferential treatment under AGOA for goods that are considered to have negative consequences for import – competing industries in the United States (Langton, 2004). Proponent of eliminating the import sensitivity test in AGOA argue that Africa accounts for such a small portion of US trade whereas, imports from Africa are likely to have a significant positive effect on African producers.

Eliminating the import sensitivity test is designed to open the US market to all products meeting the AGOA rules of origin, some of which are agricultural products that are currently produced and others which could be competitively produced in Africa (http://www.nationmaster.com/graph-T/agrlabsha/AFR ). H.R 3572 further opens the US agriculture, whereby duties will prevent imports prices from falling below an established threshold.

Ironically, the ability of US trade preferences to significantly stimulate African export is limited by the pre existing openness of the American market (Diemond, 2006). Concentrated in sensitive sectors, US protectionism affects a large number of developing countries exports. It was because of the multilateral trade negotiations such as the Uruguay Round that made the United States to be committed to provide low tariffs on the vast majority of goods imported from WTO (World Trade Organization) members. The WTO tariffs bindings reduce the competitive advantage that can be transmitted to individual countries by preferential access to
the US market (http://www.paper.ssrn.com/sol3/papers.cfm). Following the WTO reports, over 30 percent of all tariffs items enter the United States duty-free, and the average MFN tariff was just over 5 percent in 2002. In addition, the United States has proposed substantial reduction in agricultural tariffs within the frame work of the WTO and the elimination of tariffs on industrial product by 2015 (http://www.ifpri.org/pressrel/2003/pressrel2003). By operating a liberal open and transparent trade policy, the United States has arguably fueled global production and commerce.

However, the Clinton and George W. Bush administration have actively pursued a bifurcated approach of regionalism and bilateralism on one level and continued engagement with the WTO on a second level. The downward trend in MFN/tariffs however detracts from the ability of US policy makers to use special and differential treatment as a tool of economic assistance (see the Report prepared for the United Nations Conference on Trade and Development, United Nations. New York and Geneva, April 2003). Rather than focusing exclusively on tariff levels, a credible effort to conduct a meaningful trade preferences regime for US-African trade must begin by dismantling the burdensome non–tariff barriers that indirectly protect inefficient US producers.

Just as we pointed out earlier in this Chapter, AGOA primarily relies on the unilateral reduction of tariffs to promote African trade and investment, but tariffs are only one of the many barriers imposed by the US trade policy that discourage African exports. Non-tariffs include plant and food regulations, technical barriers, anti-dumping and countervailing duties and agricultural subsidies.

The dominant obstacle confronting African countries seeking a foothold in the US market is the challenge of overcoming large domestic agricultural subsidies provided to American farmers (McCormick, 2006). Anti dumping and countervailing duty measures are of the form of non-tariff protection facing sub-Saharan African exporters. The US law, as we noted earlier, allows domestic producers to petition the government for protection when faced with unfair trade practices by exporting nations. At the multilateral level, a study by the international food policy Research Institute estimates industrialized nations ‘ trade – distorting measures displace more than US $40 billion of net agricultural exports per year from developing countries (http://www.ifpri.org/pressure/2003.pdf). Elimination of these measures would triple developing countries’ net agricultural trade. Following the source from international Food
Policy (2003), Africa loses nearly $2 million annually in agriculture and agro–industrial income from protectionism and subsidies in developed countries. The WTO estimates that US agricultural subsidies exceeded $20 billion in 2005, but it concedes that the overall producer level in the United States is significantly lower than the average level in OECD member states.

Under the WTO’s Agreement on Agriculture, subsidies are classified as “amber box” (the most trade distorting), “blue box” (payment based on fixed areas and fields, a fixed level of production, or a fixed number of livestock) and “green box” (non-trading distorting) (http://www.paper.ssrn.com/sol3/Delivery.cfm). Data from this source observed that the agreement caps over all amber box subsidies at the 1992 level, for the United States is approximately $20 billion. To place this figure in perspective, sub-Saharan Africa exported a total $1.3 billion in agricultural products to the United States in 2003 and only $274 million under AGOA preferences. Subsidies, like other trade-distorting practices, are a byproduct of producers’ political clout in relation to the diffuse and divergent interests of consumers. Agricultural subsidies constrain the ability of African nations to capitalize on their comparative advantage and result in the inefficient allocation of resources.

So while the impact of tariffs is easily quantified, measuring the impact of non-tariff barriers to trade presents a greater challenge. By focusing exclusively on tariff and quota restrictions, the drafters of AGOA disregarded the heavy trade distortions created by domestic support for producers and ensured that trade liberalization under AGOA would be incomplete.

It is crucial to point here, that AGOA lacks sufficient coverage of products which are of export–value interest to African exporters (UNCTAD, 2009). AGOA affords duty free and largely quota-free access with 98% product coverage. Despite this broad coverage, there are important exclusions on specific agricultural products, such as sugar, peanuts, dairy and tobacco, which are among the main revenue generating exports sustaining many African countries. Nonetheless, it sets the framework for market access to one of Africa’s most important export markets.

The margin of preference currently afforded to African countries under AGOA is of 7.7%, while the average duty on excluded products is above 30% (US Department of Commerce 2009). These preference margins are rather low, given that products liberalized under AGOA already enjoy duty and largely quota–free access under the US GSP, which washes down any preferences for African nations as they compete with other beneficiaries, such
as Cambodia, and Bangladesh in the particular case of textile. Moreover, preference – receiving countries do not fully reap the preference margins under AGOA due to the presence of intermediaries such as transport and logistics companies, importers with market power and administration cost. In addition, these preferences are fully washed down by US subsidies artificially lower world cotton prices, thereby reducing revenues of African cotton exporters with negative spillover effect on the development of a textile and apparel sector in Africa.

For agricultural commodities, AGOA adds 541 products to the 519 which already benefit under the US GSP, which again means that the preference margin on half of these goods is permeated when preferential treatment is afforded to other non-African developing countries (US Department of commerce 2009). Furthermore, more than 200 tariff lines, representing 17% of the total number of dutiable agriculture tariff lines, do not enjoy preferences neither under AGOA or the US GSP. Products under this last group are also subject to considerable tariff escalation, eliminating virtually any market access opportunities for African agricultural product.

Currently, over 82% of the goods entering the US under AGOA are petroleum, followed by mineral products. These stem from a handful of SSA countries. Woven and knit apparel, which are ranked 6th among the top 10 exports, barely report 1.3% of US imports from Africa, followed by ores, cocoa, organic chemicals and gases. Putting this in context, a total US apparel imports during that same year were valued at $93 billion of which SSA accounted for $1.1billion (that is 1.26% of the total market).

Data from the World Investment Report 2009, shows that a large share of African FDI (Foreign Direct Investment) inflows continued to be in the form of green field and expansion projects prospecting for reserves of base metal and oil, FDI inflows to the region were not evenly distributed being largely concentrated in a few natural – resource rich countries, targeting petroleum/ oil exploitation and other mining activities. The main recipients included Angola, Nigeria, Guinea, Equatorial Guinea, the Democratic Republic of Congo and South Africa (the World Investment Report 2009). In West Africa, the significant increase from $18billion in 2007 to $26billion in 2008 was mainly a rise in new projects in Nigeria’s oil industry and investments in mining industry project upgrades. In central Africa, most of the $6billion investments were directed towards Congo and Equatorial Guinea in the primary sector. This justifies our first hypothesis which states that AGOA has not spurred the kind and
level of investment needed to create capacity and expand economic activity in the rural agricultural sector, on which the majority of the African people depend for survival. In other words, AGOA does not target the agriculture sector, which is supporting 70 percent of the overall African population. African farmers exporting to the US market are met with stringent restrictions on the low levels of value added products like coffee and cocoa, they can export to the US due to tariff and quota barriers due to lack of capacity to meet the phytosanitary standards.

4.4 AGOA and Poverty Alleviation in SSA countries

The purpose of AGOA is to use preferential trade access to the United States market as a catalyst for economic growth in sub-Saharan African by encouraging governments to open their economic and build free markets. AGOA’s trade incentives are intended to draw African government improving their political and economic governance. In other words, the rationale behind AGOA is to increase trade and investment opportunities between SSA countries and the US with the ultimate goal of reducing poverty. Thus it is imperative to assess whether this goal has been achieved, especially since the policy has been for over ten years now.

With the introduction of AGOA in SSA, trades between US and SSA have shown a substantial increase. However, the increase in trade was not experienced at the same level in all SSA countries and did not affect all goods equally. Trade statistics show that countries that experienced substantial growth in trade include: Angola and South Africa, Gabon and Chad

Natural resources and primary products dominate Africa’s exports, accounting for 79.8%. this is linked to the top five AGOA beneficiary countries, of which the majority are oil – producing countries such as Nigeria, Angola, Gabon and Chad, Nigeria and South Africa account for almost half (46.2%) of SSA’s total imports to the US market. The over overwhelming majority (93.3%) of AGOA imports consist of petroleum products (Diemond, 2006: 12).

In other words, exports to the US by Nigeria, Angola, Gabon and South Africa far exceed those of the other countries, while only a handful of the AGOA – eligible SSA countries have recorded exports to the US of any real significance. Nigeria as a leading oil producer is the major import supplier under AGOA. Nigeria supplied 69 percent of AGOA’s imports in 2005, and together with Angola (13 percent) and Gabon (8 percent) accounted for 90 percent of all AGOA imports in 2004 (see http://dataweb.usite.gov). Nigeria is the 50th largest exporter of
goods to the United States. Nigeria recorded a trade surplus of $7 billion with the United States in 2001 (http://www.agoa.info?view=country). This far exceeded the trade surplus recorded by South African, being the country with the next largest trade surplus with the US.

Other beneficiary countries in SSA who are not oil producers are South Africa, Lesotho, Kenya, Madagascar and Swaziland, all having experienced substantial increases in exports after the introduction of AGOA and also having had significant textile industries. However, the end of the Multi-fiber Agreement in 2005 had a negative impact in some of these countries as textile companies have shifted their operations to China leaving thousands of African workers without jobs (for example Lesotho, Kenya, and Namibia). Thus current statistics might reveal that these countries are no longer among the top AGOA beneficiary countries in SSA (Jaunch 2005, Diemond, 2006).

Namibia export to the US reached the highest levels in 2004 at US $238 219 million, up from US $123 249 million during the previous year. Minerals and metals products experienced the highest exports in 2003 and substantial growth in 2004 but then experienced a sharp decline in 2005 (http://www.agoa.gov). The decline in exports experienced by minerals is in line with trends in export to the US, which experienced a significant decrease of 45.6 percent. Thus the latest figure puts energy related products as the most significant exports valued at US $58481 million, followed by textile and apparel products at US $33259 million.

**Table 4.5: Namibia Export to the US (Value at 1000 US Dollars).**

<table>
<thead>
<tr>
<th>Export by product economy</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural product</td>
<td>10043</td>
<td>8072</td>
<td>5923</td>
<td>5317</td>
</tr>
<tr>
<td>Forest products</td>
<td>155</td>
<td>125</td>
<td>151</td>
<td>204</td>
</tr>
<tr>
<td>Chemical and related products</td>
<td>748</td>
<td>350</td>
<td>156</td>
<td>5</td>
</tr>
<tr>
<td>Energy related products</td>
<td>1.8349</td>
<td>27851</td>
<td>46600</td>
<td>58481</td>
</tr>
<tr>
<td>Textile and apparel</td>
<td>41972</td>
<td>78839</td>
<td>53230</td>
<td>33259</td>
</tr>
<tr>
<td>Minerals and metals</td>
<td>49639</td>
<td>117922</td>
<td>20370</td>
<td>15516</td>
</tr>
<tr>
<td>Machinery</td>
<td>8</td>
<td>77</td>
<td>4</td>
<td>58</td>
</tr>
<tr>
<td>Electronic products</td>
<td>12</td>
<td>57</td>
<td>58</td>
<td>202</td>
</tr>
<tr>
<td>Miscellaneous manufacturers</td>
<td>112</td>
<td>55</td>
<td>734</td>
<td>168</td>
</tr>
<tr>
<td>Special provisions</td>
<td>2211</td>
<td>4872</td>
<td>2327</td>
<td>2439</td>
</tr>
</tbody>
</table>
In Namibia, products that dominate the US are metals, minerals, textile and apparel. The highest overall exports of US $238 211 million were recorded in 2004 and dropped significantly to US $129 557 million 2005. The reduction in exports was also experienced in the textile industry in Namibia and in many SSA countries. For instance, many textile producing SSA countries experienced a decrease in their textile exports and subsequently company closures, which led to loss of thousands of jobs, there by generating poverty in the state.

In the case of Lesotho for an instance, we must point out here that for years; Lesotho has had a vibrant textile and clothing industry. The passage of AGOA, however, really helped Lesotho compete in the world’s largest apparel market; the United States. As a result, Lesotho became Africa’s largest apparel exporters. Lesotho benefits from the special textile and apparel benefits for least developed countries (LDCs) specially, the third country fabric rules in 2002, over half of US imports admitted under the special AGOA provisions for least developed countries arrived from Lesotho in the first three years following AGOA’s enactment. Lesotho’s textile and apparel industry doubled in size (http://www.agoa.info/index).

Following the report from ITC (International Trade Center), employment rose from 20,000 workers in 2002 to about 45,000 workers in 2002, making Lesotho the largest source of jobs and export earnings. Sector growth has been driven by Asian and South African investors, largely reflecting not only Lesotho’s preferential access to major export market, but also labor costs of approximately $0.30 per hour in 2002, compared with $0.33 in Madagascar, $1.25 in Mauritius, and $1.38 in South Africa (http://dataweb.usitc.gov). Lesotho’s apparel industry reportedly has also benefited from “management style and work attitude of its Chinese owners.

The normative database over whether further expansion of Lesotho’s garment industry is a positive development is a microcosm of the wider debate over the presence of multinational Corporation (MNCs) in developing countries. Social activists in the United States and Europe denounce the prevalence of unfair and inhumane working conditions in Lesotho factories, while the US government had previously acknowledged lax enforcement of minimum wage and employee benefit law in Lesotho’s garment sector, a more recent report indicates improvement in Labor conditions (http://www.paper.ssrn.com/s013/Delivery.cfm ), on the other hand, industry observers note the long lines of unemployed workers waiting outside Lesotho garment
factories hoping to acquire employment. In countries such as Lesotho, investment by foreign owned corporations often creates jobs that are low paying by western standards but high paying by local standards. For MNCs operating in developing countries, determining the appropriate compensation level for local workers involves political, economic, and strategic considerations. For developing country government, regulating the labor practices of foreign – based MNCs requires a difficult balancing of economic incentives and social policy objectives.

International experience has shown that trade is one of the most effective and reliable tool available for achieving sustainable growth and poverty reduction in developing countries and since its establishment, AGOA has been working towards a single goal namely to reduce poverty through growth. From our few examples cited above, we can understand that most of the AGOA benefits have accrued to the energy, mining and transport equipment sector. A review of the trade statistics between the US and sub – Saharan eligible members of AGOA indicates a significant increase in the export of goods to the US market especially energy related products. Since, petroleum is by far the major product imported under AGOA. Nigeria as a leading oil producer is the major import supplier under AGOA.

For instance in 2001 alone, Nigeria recorded a trade surplus of $7billion with the US. In other words, the volume of trade increased and more investment capital especially in the oil sector followed there from, yet this increases in trade and investment have not resulted in the quality of life index in the country, in other words, the material conditions have not experienced remarkable improvement as poverty, unemployment and de-industrialization are endemic in the country. In general, mass poverty persisted and Nigeria was listed as one of the twenty – six poorest nations on earth (Oyeshola & Lawal, 2009). At over 20percent, interest rate was disincentive to investment. The inflation rate remained in the double digits despite official claims to 40 percent. The once vibrant textile industry, the largest employer of labor was almost closed down completely (the News, 2007) and less than 10 of 170 textile industries in Nigeria were currently operating.

Water and electricity supply were notoriously erratic, if not existent in many places, many of the country’s roads and highways were in deplorable condition, none of the oil refineries is operating at installed capacity, many public building and facilities are decrepit, particularly those situated in the country’s urban centers.
Despite the adoption of commercial laws that formally embrace open trade, the pursuit of reform-minded economic policies by government leadership, and the maintenance of good diplomatic relations with the United States, Beninese producers have been unable to gain traction in American market (see World Trade Org., 2003) sectoral initiative in favor of cotton: Joint Proposal by Benin, Burkina Faso, Chad and Mali. Building sustainable growth in exports will require Benin to address the endemic problems plaguing the private sector – notably corruption and graft but also capital shortage and low productivity. But US policies also influence Benin’s ability to compete in global markets. A key barrier to greater US – Benin bilateral trade is the continued presence of trade – distorting measures designed to protect American cotton producers. According to IMF (International Monetary Fund), international cotton prices and trade are strongly influenced by domestic subsidy schemes and trade restrictions, including direct producer payments, price supports, and export subsidies import tariffs, and the preferential import arrangement under the WTO Agreement on textiles and clothing. These subsidies reduce world market prices for cotton below levels that would prevail in a liberalized environment. A study by Oxfam, and international NGO based in the United Kingdom that promotes policies aimed at reducing global poverty, claims the United States spent $14.8 billion on total subsidies for the cotton sector from 1998 through 2002. US subsidies include direct payments to cotton producers, price supports when national market fall below target prices, market assistance loans, and subsidies for exporters and domestic producers (http://www.papers.ssrn.com/sol13/papers.cfm). A coalition of West African cotton – exporting (Benin, Burkina Faso, Chad and Mali) launched the sectoral initiative on cotton in April 2003, with the goal of entirely phasing out world cotton subsidies and requiring financial compensation for cotton – producing least developed countries in the interim. The initiative was rejected at the WTO’s Cancun ministerial meeting in September 2003 and the west African nations came home empty-handed.

Finally, though some progress could be identified in respect of AGOA initiative, a lot is yet to be accomplished. Africa accounts for about 2 percent of global trade and its export to the US barely reaches 2 percent of the US total imports in value terms and it represents the single largest country market for Africa, importing 26 percent of Africa’s export (Anaba, 2008). Out of the current 37 AGOA eligible African countries, only about seven of them have fully benefited.
from AGOA. The rest of the countries face serious constraints that hinder their effective participation in AGOA.

Most AGOA benefits have accrued to energy, mining and transport equipment sectors. But the most effective way to combating hunger and poverty in the continent is by investing in agricultural and rural development. Expanding AGOA to include agriculture would have a significant impact on reducing hunger and poverty. The International Food Policy Research (IFPRI) estimates that 1 percent increase in agricultural productivity would raise the income of 6 million African people above US$2.32 in economic growth. AGOA must make it easier to export agricultural products to the US. Improving agriculture and rural development in Africa has the potential to increase income and transform more lives, allowing families to get better nutrition, health and education, and creating more dynamic economies and markets for US exports. Such investment will strengthen local and regional markets, address important food standards and safety concerns and allow African farmers and traders gain the capacity and skills they need to move food in the local and regional markets more effectively thereby reducing hunger, famine and poverty.
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CHAPTER FIVE
SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

In this discourse, we have tried to examine the trade relations between the United States and the sub-Saharan African states under AGOA. It was revealed from the onset of the study that African countries were confronted by the reality of budget deficits and overriding domestic priorities in the mid-1990s and this attracted pragmatic American policy makers who were sympathetic to African’s development to orient US – Africa policy on trade and investment, deemphasizing direct foreign assistance. The new framework concentrated on creating an environment conducive to greater commerce between the United States and the forty-eight states of sub-Saharan Africans. Amending US trade laws to provide preferential access to African goods was the cornerstone of the emerging policy. In other words the African Growth and Opportunity Act (AGOA), which was signed into United States (US) law in May 2000, offers preferential access to Sub-Saharan Africa’s (SSA) products into US markets. In return, beneficiary countries must commit to improve their economic policy environment, participate more actively in the globalization process, promote political and economic stability, and foster human and workers' rights in Africa. The idea of creating a new form of trade preferences exclusively for SSA, in addition to already existing Generalized Systems of Preferences (GSP), as our study revealed, drew both support and opposition from a wide range of actors. Pointing to the marginal place of SSA in the global markets for goods, services and investments, supporters have argued that AGOA would expand African exports to US, increase foreign direct investment, and create new employment opportunities in SSA. But the question we must not cease to ask is: has this preferential access to the US market impacted on African economic development of the sub-Saharan African countries?

Owing to the above, the study tried to explore whether the exchange relations between the United States and the sub-Saharan African have significantly brought about the needed investment and export of agricultural product from sub-Saharan African countries to the United States upon which the majority of the African people depend for survival. The study also seeks to explore if AGOA has actually promoted export diversification since it is biased towards the
clothing and textile industry. Owing to the above, the research work was motivated by the understated questions:-

- Has the AGOA spurred the level of investment needed to expand economic activity in the rural agricultural sector?
- Has the AGOA promoted export diversification with particular reference to clothing and textile industry? and
- To what degree has the trade relation between the US and the SSA countries under AGOA reduced poverty in the later?

To adequately address the foregoing research question, we adopted Dependency theory as explanatory tool and finish up with the complex interdependence theory. Our choice of the dependency theory for this study was informed by its analytical utility especially as it patterns to the exploitations and unequal exchange relations between the western capitalist countries and the developing world such as the sub – Saharan African countries. As much as we adopted this analytical tool in this research work, we did not completely subscribe to the idea of delinking because the world of man in the contemporary era is a world of complex interdependence and delinking is not a viable option for countries of SSA as this would amount to autarky. Apart from that, delinking as an option for African nations contradicts the seemingly natural precepts of globalism and interdependence. Given to that, we finished the analysis of this research work with the complex interdependency theory as is found in the work of Richard N. Cooper. In other words, in the course of this work, we adopted some prescriptions of the dependency theory and finished with the complex interdependence tool of analysis. Apart from being relevant for this study, complex interdependence recognizes the possibility of exploitation and the lopsided benefits among states in the world and thus the global order is bound to thrive on an unequal reward system.

Base on the foregoing, this research work sought to:-

- To evaluate whether AGOA has really spurred the level of investment needed to expand economic activity in the rural agricultural sector.
- And again to ascertain if AGOA has promoted export diversification in the area of clothing and textile industry and finally the study sought to
- To examine if US – African trade relations under AGOA has brought about poverty reduction in the sub – Saharan African countries.
Given to the above, the research work was therefore partitioned into five chapters:

The chapter one of the study contains the introduction and the conventional methodological requirement of the work which included: the Background of the Study, the Statement of the Problem, the Objective of the Study, the Significance of the Study, Literature Review, the Theoretical Frame Work, Hypotheses and the Method of Data Collection and Analysis.

The chapter two of the study dealt extensively on the history of the US – African economic relations and the African development challenges. It was revealed from the onset of our chapter two that while United States showed some interest in Africa countries during the Berlin Conference of 1884, what must be regarded as the establishment of the tangible relationship between the United States and Africa is traced to the US role in establishment of Liberia. The chapter also treated in an exhaustive manner, the emergence of the independent African states and the shaping of the US Post Colonial African policy. Towards the end of the Second World as the chapter two of this research work revealed, United States made clear her opposition to European colonialisms in Africa. Owing to that, there was an Atlantic Charter; a compact reached between President Roosevelt and Prime Minister Churchill for the decolonization of Africa and other colonial territories. The Charter as this research work revealed included a commitment to see sovereign right of self government restored to those who have been forcefully deprived of them. Following the world WarII, the UN Charter, obligated Western power to continue down the path of granting self government and nurturing free political institutions in their colonial territories. However, our research showed that what prompted the shift in the United States on the colonial question was nothing else order than the advent of the cold war, a contestation between the United States and the USSR for supremacy in the global affair. In other words, from the foregoing we can see that the granting of political interest and Political Independence to some African Countries in the late 50’s and early 60’s marked the end of foreign rule. It also transformed Africa into a major site for super power (United State and USSR) contestation and proxy battle ground for supremacy in global affairs (See, Banjo, 2009).

The chapter also examined the economic challenges confronting African states at independence and the 1990’s and political origin of an emerging US trade policy. Our study revealed that the post colonial economic, political, and social challenges facing the young African States were immerse. By almost any conceivable measure, sub-Saharan Africa’s record
in achieving development in the postcolonial era has been little short of calamitous. The world economic decline of the 1970s, rising oil prices, corruption, diseases such as HIV/AIDS crises and malaria, inter and intra states wars and political instability hit Africa hard. In subsequent decades as our studies shows, Africa has steadily become poorer compared to the rest of the world. In recent times, the poorest region has been the Horn of Africa (See, UNDP's 2004). In the area of the 1990s and Political Origin of an Emerging US African Trade Policy, our study revealed that the United States and Africans have had a strenuous relationships marred by uncertainties and dogmatic policy shifts. In fact it was revealed in the later part of the chapter that during the 1990s, American policy – makers ignored Africa. The little attention Africa received revolved around war, conflict and famine. The disintegration of the Soviet Union and communist system is a milestone in world politics. It presents leaders with a challenge to develop creative policies for a new world order of greater international cooperation for world peace and human development and progress. Under Bill Clinton, as our study indicated, the focus of US foreign policy was on international economic relations. Although attention paid to Africa by the western media today is largely the same, the Clinton administration has stated that the primary goal of U.S. economic policy toward Africa is to support sustainable development and to quicken the pace in development, to boost U.S. trade and investment. But regardless of the particular orientation of US economic policy toward Africa over the years, its effectiveness has always suffered from the low priority it received within the prevailing foreign policy agenda and within the foreign policy bureaucracy. what this indicates according to our study so far is that by limiting economic relations with Africa to those of aid-donor and aid-recipient, instead of promoting real partnerships utilizing a full range of aid, trade, investment, the United States wrongly casts Africa as a region of little economic significance or potential.

In chapter three of the study, we examined the US and African trade relations under AGOA. It is within this very chapter that the origin of the African Growth and Opportunity Act (AGOA), and its objectives as well as its legislative process were discussed, bringing to fore the three main questions we must concern ourselves with so far the trade relations between the United States and the SSA countries are concerned. The questions are:-

- What are the provisions of the legislation that led to AGOA and the legal frame work that resulted?
And what are the implications or ensuing consequences of the above for the African countries?

These questions are indispensable in the discourse of this nature and our ability to critically analyze AGOA legal provision and what this portends for countries of SSA centers on our ability to address these questions. Consequent upon that, the chapter three of this study dealt in an exhaustive manner on the origin, objectives and AGOA’s legislative process. Just as we noted in the chapter, the US Congress approved the legislation known as African Growth and Opportunity Act or AGOA (title 1, Trade and Development Act of 2000; P.L 106-200) in May 2000. The purpose of this legislation was to assist the economies of sub-Saharan Africa and to improve economic relations between the United States and the region. In other words AGOA provides trade preferences for quota- and duty free entry into the United States for certain goods, expanding the benefits under the Generalized System of Preferences (GSP) program. In fact, when the President Clinton signed it into law, in May, 2000, the legislation was billed as a historic turning point in US-African relations. Just as we pointed out in the research work AGOA affords duty free and largely quota-free access with 98% product coverage, there are important exclusions on specific products, such as sugar, peanuts, diary and tobacco, which are among main revenue generating exports sustaining many African countries. In other words, AGOA, the American government will grant access only to goods that it decides may not negatively affect American producers. Nonetheless, AGOA sets the frame work for market access to only one of Africa’s most important export markets, just as we emphasized in the chapter two of this research work, the major objective of the Act is to encourage African countries to make continual progress toward establishing the following aspects: market-based economies; the rule of law and political pluralism; elimination of barriers to United States trade and investment; protection of intellectual property; efforts to combat corruption; policies to reduce poverty, increasing availability of health care and educational opportunities; protection of human rights and worker’ rights; and elimination of certain child labor practices. Stated above is what is
known as AGOA eligibility criteria as we stressed in the study. We noted also in the chapter three of the research work that the US President is authorized to designate sub-Saharan African countries as beneficiary countries eligible to receive duty-free treatment for certain articles that are the product, manufacture of that country based on the country’s continual progress towards the above eligibility requirements under AGOA. And again, the AGOA statute requires that the President of America submit to US Congress a comprehensive annual report on the operation of the programme. This report is the sole responsibility of the Office of the United States Trade Representative (USTR), which asked in 2000 that the United States International Trade Commission (USITC) produce annual reports progress for five years on this topic. The USITC have been issuing annual reports which have been offering a wealth of information on specific steps taken to implement the programme, as well as data on the trade flows over the past few years. However, they do not necessarily exhaust the analytical possibilities. The USTR report is issued by an agency that is charged with both promoting and implementing the initiative. The USITC report provides a great deal of data on tariff rates and trade flows, but reaches no firm conclusions regarding the relationship between them. These reports were to offer an early assessment of the utility of the AGOA tariff preferences as an instrument of special and differential (S&D) treatment for the beneficiary countries. The aim here was neither to praise nor to condemn AGOA, but instead to reach quantifiable conclusions regarding its actual utility for the exporting countries as this was done by examining the general trends in the S&D treatment that the United States extends to developing countries, and then by placing AGOA in a broader context.

Under the initial AGOA legislation, as our research so far showed, beneficiary African counties were granted duty-free access for more than 1,800 tariff line products. This was in addition to the standard GSP list of approximately 4,600 products available to other GSP beneficiary countries outside Africa. In general, preferential access opportunities for SSA exports to US were expanded under AGOA II. Articles can now benefit from the GSP duty-free treatment. In essence, the GSP gives African exporters a 5% preference margin over the average Most Favored Nation (MFN) tariff rate. GSP covered about 17% of African exports, which could increase to 72% as a result of AGOA. AGOA offers two additional advantages in regards to GSP provisions. First, while the GSP provisions are scheduled to expire in 2006 for other beneficiary countries, AGOA-eligible Countries are granted a two-year extension of these provisions (until September 2008), which was also extended to further years. Second, GSP benefits are capped in other beneficiary countries outside SSA, but are not subject to ceiling in AGOA beneficiary countries. Generally, a cap indicates the maximum volume of a given product (from a specific
country or region) that is allowed to enter US markets under preferential terms. Out-of quota tariffs apply once the cap is filled. For example, in the case of textiles and apparel, AGOA specifies only one cap for the whole Sub-Saharan African region. The apparel cap is measured in square meter equivalents, not in monetary term. This cap is filled on the “first come, first served” basis. Thus, countries having a well-implanted infrastructure for apparel exports stand a better chance to benefit from this cap than other AGOA beneficiary countries with underdeveloped infrastructure.

However, these additional GSP eligible products did not include items such as footwear, luggage, handbags, watches, and flatware. Our study also revealed that the main aim or the objectives of legislating AGOA was to stimulate sustainable and rapid development through trade and investment. This inheres from the belief of US government that trade and investment rather than aid create real and enduring economics growth in Africa. AGOA, as our research revealed, aims at developing the textile industry in SSA countries as it has the potential to contribute positively to employment creation due to its labor intensive nature. The lesser developed beneficiary countries as our study showed are eligible for the Special Rule, which authorizes them to source materials from all over the world until September 2004. Imports based on these materials may benefit from the duty-free treatment, although they are subject to the cap imposed on imports based on non-US materials. We must note however that, countries can benefit from the apparel preferential treatment only after establishing an effective visa system that can detect illegal transshipments and counterfeits and enforce verification procedures (www.agoa.info.index). The specific or even restrictive rules of origin imposed on AGOA apparels imports as the study indicates are often one of the main sources of criticism of the initiative. It was revealed in the chapter three of this project that the AGOA rules of origin for textile and apparel products were the subject of lengthy bargaining in the United States Congress. These internal negotiations were the principal reason why it took three years for the Clinton administration to win approval for the programme in Congress. (See AGOA Assessment: A Report Prepared for the United Nations Conference on Trade and Development, United Nations, New York and Geneva, April 2003). In other words, this research work indicated that the rules are quite strict, as they generally require that apparel articles must be made “from fabrics wholly formed, and cut in the United States, from yarns wholly formed in the United States.” Our research revealed that the legislative allies of the US textile and apparel industry
fought so long and so hard to obtain such strict rules. For nearly 20 years US policy has tacitly sought to use preferential trade agreements and programmes as a means of extending the life of a dying industry. Finished apparel products can be imported from certain partners on preferential bases, but only if they incorporate the requisite amount of US goods and/or labor. If the United States is going to import shirts and skirts, according to the logic of this policy they should at least be made from US fabrics (see the chapter three of this research work for details).

Subsequent to the original AGOA legislation as this research work showed, a number of amendments were passed by the Congress, mainly to expand the AGOA’s benefits and also to make technical amendments and clarifications to certain sections where these had previously been incorrectly interpreted by US customs or at least in a manner that was contrary to the original objectives of the legislation (see the chapter three of this research work for details). The AGOA 2002, 2004 and 2006 amendments were also discussed extensively in the chapter. After our thorough assessment and evaluation of AGOA’s provisions and its legislative process and amendments we came to understand that AGOA is never a trade negotiation but rather a unilateral US trade and investment policy towards Africa and can be withdrawn by them at any time. In other words, over ten years since the passage of its original legislation, AGOA legislation, remains the cornerstone of the US government economic policy toward Africa. Congress has revisited and amended the legislation on multiple occasions. From our analysis so far, it is evident that AGOA is nothing but a representation of a welcome change in congressional attitude towards Africa. Other policy initiatives and foreign assistance programs adopted by the Congress prior to AGOA, as pointed out in the chapter three of this research work, had, all failed to effectively promote African development and like most legislation enacted into law, AGOA required compromises and concession into law. It requires compromises on the part of its key congressional supporters to ensure its passage. The bill expresses certain congressional finding such as “it is in the mutual interest of the US and countries of SSA to promote stable and sustained economic growth and development in SSA countries.” Transitional issues in developing countries such as HIV/AIDs, terrorism and the environment is an indication of the fact that the United States could no longer ignore African realities. This as we pointed out earlier, could be deducted from the letter of Bill Clinton to the congressman Charles Rangel as well as the key supporters of AGOA. The letter among other things as our study showed, described the basic normative political and economic agreement
during the pro-African constituency support of AGOA legislation. The letter emphasized that African is a continent on the doorstep of a new democracy and that a stronger, stable and prosperous Africa will be a better economic partner, a better partner for security and peace and a better partner in the fight against drug trafficking, international crime, terrorism, the spread of disease and environmental degradations among other things emphasized in the letter. What our study revealed so far is that for the US, closer ties with the African continent would enhance the opportunity for investment, stable democracies and promotion of political cooperation. The chapter three of the research work also discussed the relation of AGOA to Agency for international Development (USAID) and other agencies. The U.S. government established three regional trade hubs in Africa for this purpose, in Accra, Ghana; Gabon, Botswana; and Nairobi, Kenya. Again, it was revealed in the study the U.S. government adopted a strategy known as trade capacity building (TCB) to help AGOA countries surmount some of these challenges. Under this strategy, the U.S. government appropriates some funds to assist some businesses in the AGOA eligible countries to grow in capacity that helps them become more competitive. In addition to appropriation of funds, the U.S. provides technical support and organizes annual AGOA forum to enhance efficiency in different sectors and evaluate performance of the Act. Initially, AGOA was set to expire in 2008. In 2004, Congress passed the AGOA Acceleration Act 2004, which extended the legislation to 2015.

The chapter four of the research work explored the implications of the AGOA for African Development. The chapter evaluated AGOA in the context of Special and Differential Treatment as well as AGOA and African’s fragile textiles and apparel sector. Owing to that this research work revealed that Special and Differential Treatment (SDT) is a set of GATT (General Agreement on Trade and Tariffs) provisions (GATT 1947, Article XVIII) that exempts developing countries from the same strict trade rules and disciplines of more industrialized countries. In other words, the WTO Agreements contain provisions which give developing countries special rights. These are called “Special Differential Treatment (STD) provisions.” However we must point out that special and differential treatment has number of undesirable cost – associated with it. One of the shortcomings in the special and differential treatment is that, even in sectors where differential tariffs increase developing country exports, the preferences might or lead to specialization in products where the beneficiary country may not have inherent comparative advantage and such scenario could result in socially wasted investment. Again, our research work indicated that in the case political conflict among participating and non
participating countries, administrative cost relating to rules of origin may reduce the value of preferences to beneficiaries and targeted preferences may encourage oppositions to multilateral liberalizations from states profiting from the uneven playing field. In fact the voluntary nature of special and differential treatment and its exclusion from GATT’s binding commitments significantly impairs the effectiveness of preferential regimes. (see, http://www.codesria.org/pdf/nafukho.pdf).

Again the chapter four of this research work revealed that AGOA aimed at developing the textile industry in SSA countries as this has the potential to contribute positively to employment creation due to its labor intensive nature. Our analysis thus far revealed that, AGOA led to the development of textile industries in the earlier passage of the programme. Thus countries like Swaziland, Lesotho and Malawi experienced a substantial growth in their textile industries. Namibia exports to the US reached the highest level in 2004 at US $23819 million, up from US $123 249 million during the previous years (See, http://www.agoa.info/index ). Lesotho too has had a vibrant textile and clothing industry. The passage of AGOA really helped Lesotho to compete in the world’s largest apparel market, the United States. In 2002, over half of the US exports admitted under the special AGOA provisions for the least developed countries arrived from Lesotho in the first three years following AGOA’s enactment. Just as we pointed out in the chapter, employment rose from 20,000 workers in 2000 to about 45,000 workers in 2002, making Lesotho largest source of job and export earnings. In other words, AGOA expanded market access for textile and apparel goods into the United States for eligible countries. This resulted in the growth of apparel industry in Southern Africa and created hundreds of jobs. However, the dismantling of the multi-fiber Agreement (MFA) World Quota regime for textile and apparel trade in January 2005 reversed some of the gains made in the African textile industry due to the increased competition from developing nations outside of Africa particularly china. Already many factories have been shut down in Lesotho, where most of the growth accrued.

In the case of Namibia, our research showed that total exports to the US showed substantial increase after the introduction of AGOA. However, this increase was short-lived as total export has been on decline since 2004. In Namibia, AGOA’s ability to stimulate investment has not been successful. To date, Ramatex is the only investment that is attributable to AGOA. Local business (textile and government manufacturers) has been unable to benefit from AGOA due to various challenges. Our research showed that market access alone as provided for under
AGOA is not enough to allow local business to benefit from AGOA. Thus AGOA in its current form cannot and does not benefits SMEs or local businesses but rather is aimed at benefiting large multinational corporations.

The whole result from our study suggested that the AGOA has served as a valuable tool for promoting trade in a handful of States able to capitalize on textile and apparel preferences (that is following AGOA’s initial passage). But for the vast majority of the 48 sub – Saharan African states, AGOA’s relevance in attracting investment or promoting export diversification is limited. Again, the liberalization of global textile and apparel trade rules under the WTOs Agreement on textile and clothing threatens to reverse the small amount of progress achieved during the Acts first five years.

Again, AGOA as our study revealed, primarily relies on the unilateral reduction of tariffs to promote African trade and investment but tariffs are only one of the many barriers imposed by US trade policy that discourages African exports. Non – tariff barriers include plant and food regulations, technical barriers, anti dumping and countervailing duties and agricultural subsidies. Again in the course of our research, we found out that AGOA restrictive rules of origin for textile and apparel imports, just as we pointed out earlier, constrains growth and development of Africa’s apparel industry. Complex rules of origin create the potential for hidden protectionism because they accompany a legitimate trade policy instrument – preferential trading arrangements. From our study so far, is obvious that restrictive AGOA rules are a double edged sword for Africa. On the one hand they impose a serious handicap on regional garment industries wishing to take advantage of AGOA related market opportunities. While on the other hand, they provide a captive market and hence unique development opportunity for upstream yarn and fabric producers and from our research so far AGOA’s rules of origin and tariff liberalization schedules did not emerge in a vacuum. They were shaped primarily by the existing policy regimes and by the constellation of interests in the domestic textile and garment industries in the member states. In fact the general shape of the negotiated rules was determined before the passage of AGOA.

The chapter four of the research work also evaluated AGOA and agricultural investment in SSA countries. The research revealed that AGOA affords duty and largely quota – free access to US market with 98% product coverage but despite this broad coverage, there are important exclusion on specific agricultural products, such as sugar, peanuts, dairy and tobacco which are among the main the main revenue generating exports sustaining many African countries. Still on
agricultural commodities, our study revealed that AGOA adds 541 products to the 519 which already benefit under the US GSP, which means that the preference margin on half of these goods permeated when preferential treatment is afforded to other non-African developing countries (See, http://Www.Agoa.Info/Index). Furthermore, more than 200 tariff lines representing 17% of the total number of dutiable agriculture tariff lines do not enjoy preferences neither under AGOA or the US GSP. Products under this last group are also subject to considerable tariff escalation, eliminating virtually any market access opportunities for African agricultural products.

Currently, 82% of the goods entering the US under AGOA as was revealed in this research work are petroleum, followed by mineral products. In other words, products dominating trade between United States and SSA countries are natural resources and primary products. Overall, petroleum products accounts for more than 90% of all African exports to the United States and these stem from a handful of states. African exports to the United States increased from USD 23 billion in 2000 to USD 81 billion in 2008 (See, http://www.Agoa.Info/Index) but despite the highlights, AGOA has not been able to contribute to greater trade diversification, growth and development. The benefits of AGOA have been unevenly distributed across countries and sectors. Roughly half of the sub-Saharan eligible countries are currently benefiting and only in a handful of sectors. In other words, AGOA’s impacts on agricultural exports are less clear, primarily due to high distortions in the world’s agricultural trading system.

For example, SSA’s share in the European agricultural markets has declined despite nearly three decades of trade preferences extended to SSA under several ACP-EC agreements. Agricultural subsidies and tariff and non-tariff barriers in OECD countries contribute most of the price distortions in the world agricultural Markets. Almost every development strategy in SSA recognizes the central role of agriculture in stimulating an export-led growth. This research work revealed that, not only are the SSA’s exports to US dominated by petroleum products, but they are also highly concentrated in a few countries. And just as we pointed out initially, Africa’s inability to diversify trade in agricultural products, which account for less than 1% of AGOA exports, is partly due to quotas on sugar, tobacco, diary and peanuts. Again, ability of the US trade preferences to significantly stimulate African exports is limited by the pre-existing openness of the American market. Pockets of protectionism as we pointed out in the chapter are still present in the US trade policy. US protectionism affects a large number of developing
country exports. AGOA primarily relies on the unilateral reduction of tariffs to promote African trade and investment, but tariff as we pointed out are only one of many barriers imposed by US trade policy that discourage African exports. Our research so far revealed that:

- Many SPS measures are either protectionist tools, overly stringent from a scientific point of view, or simply too complex and non-transparent to be properly understood by developing countries.

- Even where the requirements are clear, the level of needed technical and administrative capacity to meet the standards is deemed to exceed the generally available ones in low and middle income countries.

- As a result, the cost of compliance with these standards is exceedingly high - eroding existing comparative advantage – and thus likely to result in reduced market access and international market share by developing countries.

The SPS Agreement generally requires WTO members to base protective measures on scientific principles supported by sufficient scientific evidence. In the cases where scientific evidence is insufficient, a provision referred to as the “precautionary principle” allows parties to adopt protections on the basis of available pertinent information provided they “seek to obtain the additional information necessary for a more objective assessment of risk within a reasonable period of time (See, McCormick, 2006).

Our research revealed that a large cohort of trade economists and development activists criticize the overuse of SPS measures and other regulations upheld under the authority of article as unnecessary barriers to trade that impose high costs on developing countries. Our research so far revealed that WTO dispute resolution decisions have interpreted article 20 (b) broadly to permit protective health measures that rely on controversial scientific evidence. SPS measures in developed countries can result in compliance cost that is prohibitive for African countries. For African producers of certain heavily regulated primary and processed goods, accessing the American market would require individual firm expenses and a regulatory infrastructure beyond the scope of what their small business and cash-strapped governments are able to support and complying with developed country standards would consume a high proportion of a typical African country’s annual development budget (See, the chapter four of this research work). In October 2003, specific concerns were brought before the WTO’s SPS committee, but only two
were raised by the least developed countries. African complaints have primarily targeted the European Union and none have been directed at the United States. The lack of direct complaints by sub-Saharan African countries against the United States may signify the financial obstacles posed by the WTO dispute settlement structure for the world’s poorest nations. Our research work suggests that African government lack technical expertise training and financial resources to wage successful legal battles before WTO dispute settlement panels.

The chapter four of the researched thesis also dealt on how far the trade relations between the United States and sub-Saharan African countries have gone in reducing poverty in the later. Given to the above, our study noted the main objectives of AGOA which among other things is to encourage increased trade and investment between the US and SSA countries by reducing trade barriers, expanding US development assistance, negotiating trade agreement, promoting private sector engagement and strengthening democracy. In fact AGOA, as the chapter four of this study revealed aims at building capacity and building infrastructure in SSA and expanding Africa’s meaningful participation in the global economy. The essences of all those and the long term objectives of the AGOA’s initiatives are to eradicate poverty in Africa and to place African nations individually and collectively on a path of sustainable growth and development. it is disappointing to know that the objectives of AGOA in eradicating poverty has not been achieved since the majority of countries in SSA still wallow in abject poverty and malnutrition. Indeed, there is no denying the fact that the volume of trade increased and more investment that follow there from in some SSA countries following the initial passage of the programme, For instance, Lesotho as our study indicated recorded a $215 million trade surplus with the US; double that of two years previously. By the end of 2002, this had risen further to $319 million (See http://www.goa.info/index). But two major factors, competitiveness and trade preference erosion, promise to limit AGOA’s contribution to sustained economic growth in Lesotho. Beneath the surface of Lesotho short term run up in export earnings linger a number of issues related to Lesotho’s structural development and economic competitiveness, which suggest recent growth in apparel has promoted the development of Lesotho’s textile and apparel industry, the investment has not resulted from cross – border United States – Lesotho investment, rather the bulk of investment in Lesotho’s garment sector has come from transitory East Asian firms evincing little interest in helping to promote Lesotho’s productivity and economic competitiveness. Again for countries such as Lesotho as this study showed, development in
global trade policy continued to erode the economic value of regional trade preferences offered through programs such as AGOA. Evidence is already emerging which indicates that the phase out of US quotas on Asian textile and apparel imports is having a negative effect on sub-Saharan Africa’s textile and apparel industry (for details see, the chapter four of this research work).

Again, this research work revealed that in the case of Benin, two way trades occur between Benin and the United States. While exports from the Benin to the US are negligible, the country currently imports approximately $35 million worth of goods from the US. Of all AGOA eligible sub Saharan African countries, trade volumes between the US and Benin’s exports included products categories that are AGOA – eligible. Benin’s negligible exports to the US consist mostly of agricultural and forestry products and majority of the people depends on this for survival.

Consequent upon the above, our finding however in this study is as follows:-

I. AGOA is a unilateral trade preference programme which offers countries in the SSA a preferential access into the US market which makes the provision an unreliable one as it not binding and thus the US can withdraw or change it at any time. In other words, AGOA is not trade and investment agreements rather; it is a frame work for negotiating future economic relations. Thus this characteristics makes it unreliable as it is not binding and thus America can withdraw or change it at any moment. For instance, in the event of AGOA being withdrawn, all the costs incurred in developing infrastructure would be loss and a waste of public funds.

II. The legislation gives the United States excessive power; for instance the Act, authorizes the President to determine which sub-Saharan African countries would be eligible for the AGOA each year. Unfortunately, the government reports do not state the specific reasons for the President's decisions to remove and add countries as AGOA-eligible states. One cannot discount the proposition that United States strategic interests are a major factor in these decisions. For instance, Eritrea was removed from the list right at the time when Ethiopia and the United States were accusing Eritrea of providing arms to troops of Somalia's Islamic Courts fighting against the American-backed Somali government and Ethiopian invaders supported by the United States. One also recalls that Liberia was included in the list of AGOA-eligible countries after Charles Taylor was removed from
office and a government friendly toward the United States was installed in Liberia, and that country was being courted by the George W. Bush Administration to serve as a military base for the United States Africa Command (AFRICOM).

III. Furthermore, the rules of origin are unilaterally determined by US Congress and are outcomes of negotiations among conflicting US interest. This has two implications: AGOA beneficiaries have no influence on the rules of origin, which is very critical for their ability to fully benefit from AGOA. There is also no room for Africans to define their own developmental agenda. Secondly, people who support or represent businesses dominate the US congress and thus their decisions are likely to affect the SSA countries’ export to the United States.

IV. Again, in exchange for these illusory benefits as we enumerated above, AGOA demands that Africa countries among other things:- eliminate barriers to all US trade and investment in Africa, this includes a demand for American firms to be given equal treatment as African firms, as well as for high standards of intellectual property protection as contained in the TRIP agreement in the WTO; pursue further privatization, remove government subsidies and price controls; guarantee international labor standards, and set minimum age for child labor, not engage in any act that undermines US international security and foreign policy interests. The act makes it clear that these conditions must be understood in the context of standards that operate in WTO. For instance, the act instructs the President to encourage African countries to bring their legal regimes in compliance with the standards of WTO.

V. Tariff preferences in general offer a relatively small and declining margin of preference to developing countries, and the additional benefits of the AGOA preferences represent a modest expansion over the preferential treatment that sub-Saharan countries already enjoyed under the GSP. There are exceptions to this general rule, both for specific countries and for products, but the general pattern is clear. Apart from the textile and apparel sector, where substantial trade barriers imply equally substantial margins of preference for AGOA beneficiary countries, the programme’s duty-free benefits appear to offer only a slight improvement over the status quo for most African exports. That point is especially true for those countries that have already enjoyed duty-free access to the US market for virtually all of their non-textile exports. Even in the case of textile and
apparel exports, the global quota regime suggests that the benefits extended under AGOA are time-bound.

VI. The African growth and opportunity act is not panacea for the problems plaguing sub-Saharan Africa. Rather in its current form, AGOA is destined to play a minor role in promoting African economic growth and development. External and internal factors unrelated to US trade policy will continue to constrain African economies. The trend toward broad-based trade liberalization will further erode the benefits created by preferential access. A surge of Asian imports following the phase-out of quotas on textile and apparel threatens to devastate the emerging but still small-scale African garment industries. AGOA reforms such as those outlined above would help to sustain the relevance of the special and differential trade law regime and strengthen US-Africa economic relations for years to come.

VII. Our studies revealed that AGOA led to the development of textile industries owing to AGOA’s initial passage. Thus countries like Swaziland, Lesotho and Malawi experienced a substantial growth in their textile industries but despite the significant growth experienced by the above-mentioned countries, total exports to the US from African countries are still dominated by petroleum products.

VIII. AGOA has not spurred the level of investment need to create capacity and expand economic activity in the rural agricultural sector, on which the majority of the African people depend for survival. In other words, AGOA does not target the agricultural sector, which is supporting 70 percent of the overall African population. African farmers exporting to the US market are met with stringent restrictions on the low levels of value added products like coffee, and coca they can export to the US due to tariff and quota barriers or due to lack of capacity to meet the phyto-sanitary standards.

IX. A further weakness of AGOA as this study reveals is that it does not promote export diversification as it is biased towards the clothing and textile industry. What the AGOA Act offers is not a set of measures aimed at promoting a conducive international framework for African development rather, a one-sided strategy for opening up Africa to American and other Western trade and investment on terms.

X. Lastly but more importantly the trade relations between United States and the sub-Saharan African countries has not brought about a reduction in the poverty rate in the
most SSA countries instead hunger and malnutrition are still soaring and are still running in an irretrievable speed. The volumes of trade between the US and African countries has not impacted in the quality of life index in most African countries.

5.2 conclusions

From the study, we would found out that global political economy has assumed a new phase in the contemporary international economic relations. Thus, the world today is a global village given to the unprecedented level of inter-connectedness of political, economic, social and technological force that permeate the contemporary global system and a fundamental feature of globalization is that the economies of modern nation states have been highly integrated to the extent that the internationalization of trade and economic activities have become imperative, the interdependence is profoundly informed and the United States is at the fore front of globalization of the modern era.

One dynamic and fundamental force in the contemporary globalization process is economic liberalization. Economic liberalization refers to the process of achieving unobstructed economic activities. It seeks to remove all obstacles to trade, production and investment; emphasizes freedom of economic activities and dominance of private enterprises and aims ultimately at the divorce of the state from economy. Since the end of the cold war, the aid system has grown increasingly monolithic. Both bilateral and multi-lateral aid policies were brought into alignment with a cluster of neo-liberal precepts (that is Washington census) and macroeconomic approaches (structural adjustment). Despite the implementing far reaching economic reforms, few African countries have achieved compelling results in terms of any of the indicators that measure real, sustainable development, instead, most have slid backwards into growing poverty, inequality, ecological degradation and de-industrialization.

From the foregoing, we will understand that the United States policy towards Africa has not been static and thus always change with time, given to the prevailing circumstance at that particular or the given point in time. For instance, during the 1990s, American policy – makers and media largely ignored Africa, the little attention they paid revolved around war and conflict. The shift in orientation from marginalization to engagement is largely due to the changing geo-strategic realities of the post – 9/11 worlds. Today the US government is primarily concerned with curbing international terrorism and ensuring energy security for the US economy. The
United States engagement in Africa is thus pragmatic and fueled ultimately by larger geostrategic concerns. It is through this combination of governance and accountability followed by free market policies and integration in the world economy that the US purports to deliver economic growth and political stability.

Just we had pointed out initially, Africans, in the mid 1990s were confronted by the reality of budget deficits and overriding domestic priorities, this made the pragmatic American policy makers to be sympathetic to Africa’s development and consequent upon that they re-oriented the US-African policy to focus on trade and investment. Deemphasizing direct foreign assistance, the new frame work concentrated on creating an environment conducive to greater commerce between the US and the 48 states of SSA. Amending US trade laws to provide preferential access to African goods was the cornerstone of the emerging policy.

Owing to the above the thrust of this research work was to investigate the dynamic of the US and sub-Saharan African trade relations under AGOA. In other words the study investigated the US – African trade relations and the contradictions of development in the African countries. There is no doubt that the US-African trade relation following the few years of its passage brought about an increase in the volume of trade. However the increase in trade as our research revealed was not experienced at the same level in all SSA countries and did not affect all goods equally. Trade statistics shows that countries that experienced substantial growth in trade and investment included Nigeria, Angola, South African, Gabon and Chad. In fact the pattern of the US trade and investments in SSA countries demonstrates that the United States largely concentrates her efforts on those areas that hold the potential of maximizing her economic interests. Product dominating trade between the United States and SSA countries are energy related product; overall, petroleum products accounts for more than 90 percent of all African exports to the United States. In fact as far back as 1973 oil crisis, as indicated by Rooyan & Solomon (2009), energy security has been of primary importance to US foreign policy. As United States became more and more reliant on imported oil to meet its domestic demands, the country turned to African countries and producers as alternative suppliers. That is why is not a surprise to us why petroleum related product dominated the export of the SSA countries to the United States.

In other words, the US undergone and is still undergoing today, a concerted policy marginalization to engagement largely due to the changing geo-strategic realities of the post-9/11
and ensuring energy security for the US economy in the years to come. As a result, the focus in Africa has shifted towards role played by weak and failed countries that foster terrorism and terrorist networks. The US government is engaged in promoting good governance and democratic accountability as a way to curb the latent forces that breed terrorism in Africa. The second pillar of American policy engagement in Africa as our study revealed rests in securing strategic minerals and resources for American consumption. The reliance on Middle Eastern oil is tenuous at best and wrought with many uncertainties and subsequent security risks. Thus, there is a move in US policy towards engagement with African oil – producing nations as a means to secure alternative sources of crude oil for the US economy. The United States’ engagement in Africa as our research revealed is thus pragmatic and fueled ultimately by larger geo-strategic concerns. In fact, the United States has continually been concerned with the tenets of democratization, human rights and good governance as solid foundations of the nation state. It is through this combination of and good governance and accountability followed by free market policies and integration in the world economy that the US purports to deliver economic growth and political stability. Subsequently US policies towards Africa have shifted from the dogma of structural adjustment during the 1980s and early 1990s towards governance and political accountability and again the US economy is increasingly dependent on foreign sources of oil as rising demand and declining domestic supplies are causing a growing reliance on oil imports to meet domestic requirements. At present as our study shows, US imports roughly 50 percent of its oil and this is expected to rise to 62 percent by 2020 (See, Giry, 2004). This, as our research work revealed must have placed US policy-makers in a precarious situation of securitizing the access to oil as fundamental to American national interests. In fact the United States’ Central Intelligence Agency (CIA) predicts that within the next ten years, the US will depend on African oil for 25 percent of its total consumption and this will largely emanate from Nigeria, Angola, Gabon and Equatorial Guinea. This explains the reason why United States recent policy towards African countries can never be divorced from oil and trade in oil. Those explained the 1990s and political origin of an emerging US – African trade policy. It equally explains why oil dominate the bulk of the United States import from the region under AGOA; apart from South Africa, countries of the sub-Saharan African countries that have experienced substantial growth in their export to the United State under AGOA are those four countries as we mentioned in the course of this research work; those countries are Nigeria, Angola, Gabon, Guinea and Chad.
Again, AGOA offers in particular duty- and quota – free access for African textile and apparel to American market. This is also dubious, because, in effect, those products and apparel using fabric and yarns produced from textile products made from countries. Again the access in these cases will be granted only on yearly basis, and should not exceed a total of 3.5% of all apparel imported into the US in eight years. In fact, one reason that the impact of AGOA on apparel exports was expected to be limited or short-lived was the phase out of the Multi-Fiber Arrangement (MFA) on January 1, 2005. At this point, import quotas for apparel imports were eliminated for competing developing countries as well. Our research work revealed that most apparel production would shift to China. In addition, it also predicted that Chinese and other Asian competition would overwhelm the less efficient African producers and seriously damage African apparel exports to the U.S. after this point. Again, the requirement for US raw materials to be used will work against the ability of African countries to develop, either individually or together, their own domestic raw materials based to textile industry in Africa. Moreover, importing US raw materials for use in textile production may turn out to be expensive in view of transport and other cost, which means in the end African textiles products exported to the US, may not be competitive at all.

No doubt that the introduction of AGOA led to increased trade between the US and the SSA countries. However, the increase in trade was not experienced at the same level in all SSA countries and did not affect all goods equally. The overwhelming majority (92.3%) of AGOA imports consist of petroleum products. The US economy is increasingly dependent on foreign sources of oil as rising demand and declining domestic supplies are causing a growing reliance on oil imports to meet domestic requirement.

Other beneficiary countries in SSA who are not oil producing are South Africa, Lesotho, Kenya, Madagascar and Swaziland, all having experienced substantial increases in exports after the introduction of AGOA and also having had significant textile industries. However, the end of multi-fiber agreements in 2005 had negative impact in some of these countries as textile companies have shifted their operations to China leaving thousands of African workers without jobs. Thus current statistics might reveal that these countries are no longer among the top AGOA beneficiary countries in SSA.

Therefore the concern of AGOA in concentrating on those sectors that have the potentials of optimizing the economic interest of the US and ignoring those areas that hold the chance of
improving the well – being of the generality of sub – Saharan African countries raise the questions about its ability of it to serve as a source of total net resource transfer for supporting sustainable growth and development

Our study so far revealed that AGOA acknowledged the importance of other variables. Such as: the rule of law, capacity-building, and infrastructure. Ultimately, however, the AGOA legislation and subsequent amendments incorporated a one – dimensional strategic approach involving tariff-free access to the American market for qualifying African beneficiaries. To this end, America, in pursuit of her national interest, institutionalizes and internationalizes imperialism under the cover of pursuing a better and freer trade initiative with the sub Saharan African countries. It is obvious from the study that the United States has, under AGOA, repackaged her style of development predicated on globalist and expansionist enclave and subsequently hoodwinked most of the sub- Saharan African countries into accepting it as sole panacea to their socio – economic recovery. In other words, America, in its pursuit of her national interest, institutionalizes and internationalizes imperialism under the cover of pursuing a better and freer trade initiative with the sub – Saharan African countries. In fact the ideology which informs AGOA eligibility conditions is purely imperialistic. AGOA given to our analysis so far is an imperialistic tool by the United States to control the weaker African nations. AGOA’s eligibility criteria indicate just that.

Again, from the study we would find out that AGOA is fundamentally a US policy tool for liberalizing the structure and orientation of the “Playing field” governing trade and investment activities between African societies and the United States. Like we pointed out in the foregoing analysis so far, AGOA is not a trade agreement, but rather a unilateral trade preference programme that offers sub-Saharan African countries access to the US market. In fact, AGOA represents a pro-active, bilateral example of how US government policy and institutions are utilized as instruments to re-create or perpetuate the economic rules of the game, often at the expense of Africans. Even with the technical adjustment in the AGOA textile provisions considered as AGOA II. It is quite obvious that this approach will still have limited positive impact in SSA.

Our study also revealed that, AGOA beneficiary have no influence on the rules of origin, which is very critical for their ability to fully benefit from AGOA. There is also no room for Africans to define their own developmental agenda. Again, people who support or represent
business dominates the US Congress and thus their decisions are likely to benefit business interests. One example of this as we earlier on pointed out in the foregoing chapter is how the US retailers opposed the delay of quota removal as they stood to benefit from cheap imports (see the chapter four of this research work for details). The US Congress did not ask for a delay in quota removal as requested by many developing countries, but rather acceded to demands of US business.

Again, African countries are expected to liberalize their services sectors, by making further commitments in the WTO General Agreement in trade in services (GATTS) in order to remove tariff and non–tariff barriers. Some of these requirements, the African NGOs pointed out, are contained in the WTO agreements which African governments have found to be their disadvantage and are struggling to change. They include issues such as TRIPS, TRIM and agricultural support.

Although AGOA has presented many opportunities, there have been notable challenges in its implementation. The challenges exist in the form of criticisms from some quarters that AGOA represents another tool of domination by the U.S., the task of realizing and maximizing tangible benefits from AGOA across all the countries in the region, promoting small business, trade financing and access to credit, and quota elimination among others. Following our analysis so far, it is obvious that AGOA is premised on neo-liberal conditions which we perceive as a way of extending U.S. imperialism in Africa. We must contend that the several conditionalities for AGOA eligibility are insensitive to the internal political and economic realities of some of the countries of Sub-Saharan Africa. These conditionalities limit access of AGOA’s benefits to these countries, which are SSA countries.

Second, creating a competitive and investor-friendly commercial environment remains a challenge to some of the AGOA countries. In some of these countries, there is lack of basic infrastructure—good road, railroad, electricity, and telecommunication. Third, how to promote small business is also a major challenge because of the daunting odds small businesses face in the midst of very large and well-established ones. Obtaining credit facility is another challenge most AGOA country businessmen are facing. Banks are not very willing to give credit financing to some of the businesses approved under AGOA. The fact that there is still quota for U.S. textile market limits the volume of trade in textile where most of the eligible countries are making substantial investment.

Based on the above findings, we proffer the followings suggestions for policy implementations.
5.3 Recommendation

Owing to our analysis so far, it would be difficult to see that trade relations between the United States and the sub-Saharan African countries proceed from the assumption that Africa’s poverty arises as a result of African societies being marginalized in an increasingly globalised world economy. Based on this erroneous views or assumption that, conclusion is often drawn that African economies are poor because they are relatively “closed” to the wonders of free trade and capital flows. This is why trade liberalization and export orientation are being offered as whole development policy prescriptions, but our analysis so far has proved that this view is erroneous and misplaced.

Based on the above erroneous interpretation of the global political economy by the western capitalist states, it is imperative for the sub-Saharan African countries in general to realize that though interdependence has become an unavoidable imperative of the contemporary political economy, developing economies should not totally accept that unguided trade liberalization and export orientations will ever culminate in the socio-economic transformation of their economies as the western capitalist countries are jealously guarding their national interest and as such may be unwilling to invest in those sectors that may benefit the sub-Saharan African countries.

Again, it is obvious that reliance on capital in-flow whether in form of trade or foreign direct investment has not really helped the African countries to overcome their economic woes. Therefore, it is very necessary that Africa countries in general redirect their developmental energies. First and foremost, they ought to invest heavily on knowledge, entrepreneurship and mastery of information and communication technologies especially in this 21st century. This will enable them to widen their policy options on the one hand and equally assist them to stop being mere consumers of knowledge, and rather strive to produce knowledge based on their indigenous cultural, political and socio-economic realities. At the previous AGOA Forum of 2009, the US also noted that challenges remain in realizing the full potential of AGOA. It affirmed its commitments to provide more trade capacity building assistance and “aid for trade” to African countries as well as abiding their regional integration efforts. However, it continues to call on the region to do its part by increasing diversification efforts as well competitiveness through improved African business and investment climate private sector involvement, which may in turn nurture joint entrepreneurial initiatives. AGOA has not been able to contribute to greater
trade diversification, growth and development. In fact, attempts should be made to encourage horizontal trade relations among countries in African and even beyond. By doing, the overdependence on the western capitalist countries will obviously be reduced.

Again, instead of focusing exclusively on tariff levels, a credible effort to construct a meaningful legal regime conducive to the expansion of US-Africa trade must begin by dismantling the burdensome non-tariff barriers that indirectly protect inefficient US producers. A good faith effort to carry through on the trade – not aid strategy demands putting all trade distorting practices on the table. Policy makers should reevaluate domestic subsidies, overly complex agricultural regulations, and exemptions for import-sensitive industries. For several decades, the United States has driven the global economy with its large consumer market and liberal trade policy. Strategic US trade policy has relied on targeted measures and financial investment’s to promote key industries in the face of mounting competition from Japan and the Asian tigers. But in an open economy based on free markets and limited government regulation, there is little justification for imposing high barriers to entry for agricultural goods, textiles, and apparel.

The United States ability to remain competitive in the global economy will likely depend on its reality to maintain a comparative advantage in capital intensive industries employing a highly skilled labor force. Lingering US protectionism in agriculture and apparel markets represents the remnants of an antiquated trade policy dominated by parochial interests and regional concerns.

Market access is just one of the many impediments to African development. 2006 AGOA Civil Society Forum held in Washington DC and which was attended by delegates from US advocacy and development organizations, civic leaders and owners of small businesses from all over Africa. The forum examined the impact of AGOA’s first five years on economic growth and poverty reduction. The meeting agreed that many countries had benefited from duty free access to the US market, especially in textile and apparel. However, the meeting pointed out that opportunities and benefits harvested under AGOA could still be made more meaningful while market access is important for economic growth. Experience from AGOA has shown that market access alone does not automatically lead to growth or poverty reduction rather in order for AGOA to become effective and lead to growth or poverty reduction, it must be integrated into strategy that aim to unleash the entrepreneurial forces of Africa. This means that AGOA needs to
target the rural agriculture sector. Successive multilateral negotiating round have lowered tariff levels in developed countries to the point where trade flows are largely dictated by the competitiveness of foreign producers, not the trade policies of importing countries. The success of African economies will hinge on their ability to develop a skilled work force, invest in infrastructure, and improve firm – level productivity. Recognizing the importance of domestic economic and political factors in African development, it must be noted that AGOA made the statute’s benefits contingent on presidential certification that certain conditions had been met. Again, AGOA’s use of conditionality demonstrates the legislation has little to do with altruism or social justice.

In the few African states able to capitalize on the textile and apparel preferences, such as Lesotho and Mauritius, the benefits of AGOA are considerable and encourage government actors to persevere with painful market reforms. For most states, however the potential benefits of AGOA are too limited to significantly induce government compliance with reforms that threaten the privileged position of political elites. To maximize the incentive for African governments to adopt reforms, the United States should ensure the potential trade benefits of AGOA are real and tangible.

AGOA should be amended to eliminate restrictions on the use of third country fabric in the production of apparel. The current legal frame work prohibits certain AGOA beneficiaries that do not qualify as least developed countries from using third country materials. Requiring that fabric and yarn in assembly come from either the United States or AGOA beneficiaries themselves is equivalent of levying an insurmountable tax on apparel exports. Africa’s comparative advantages lie not in its yarn or fabric production capacity, but rather in its availability of low-wage labor for the cutting and assembly of apparel products. Forcing African producers to use American fabric exacerbates the effect of long transit times between the United States and sub Saharan Africa and impairs African producers’ ability to respond to trend-specific demand. As the apparel industry matures. Africa will gradually develop its own yarn and fabric production capacity. Mandating vertical integration today, before the capacity exists, threatens to stunt the growth of Africa’s clothing industry and relegate it to an inconsequential role in the global apparel market. The use of US – made fabric may be an economically viable requirement in the context of Caribbean trade preferences (where shipping time and cost are negligible), but it is an unrealistic sourcing option for distant African countries. Liberalizing the use of third fabric
would improve the region’s competitiveness while ensuring that most of the value added in production continues to take place in Africa.

AGOA preferences should be extended to currently include agricultural products. A significant percentage of Africans, as high as 90 percent in some countries, earn a living in the agricultural sector. Excluding agricultural products from trade liberalization prevents the countries of SSA from capitalizing on their comparative advantage. Again, AGOA has resulted in limited successes in some countries. In addition to growth in the textile and apparel industry, some AGOA countries have begun to export new products to the United States, such as cut flowers and horticultural products. Agricultural products is a promising area for AGOA trade, however much work needs to be done to assist African countries in meeting U.S. sanitary and phyto-sanitary standards.

Again, United States should accelerate negotiations to establish reciprocal free trade agreements with sub-Saharan African countries. Free trade agreement will further consolidate market reforms adopted by African states. Reciprocity would ensure that African producers and consumers have tariff-free access in their own countries to US goods and services that can be used for inputs in production or final consumption.

In fact, legislators should undertake a comprehensive review of subsidies and other policies that divert trade from Africa to inefficient domestic producers. Subsidies are a costly means of artificially prolonging the viability of domestic industries that are otherwise unable to compete in global markets. Subsidies would generate efficiency gains and stimulate Africa employment.

Again, the United States should take a leading role within the WTO in working to rationalize the overlapping system of preferential trading arrangements. Small developing countries lack the resources and institutional capacity to successfully navigate through the vast array of complex rules and regulations included in American, Canada, European, and Japanese preferential regimes. Unyielding and unmanageable, the “spaghetti bowl phenomenon” threatens to overwhelm development planning efforts in Africa and elsewhere. Over thirty years ago, GATT’s contracting parties established the legal authority for unilateral trade preferences. Today, in coordination with the WTO, the United States should actively work to harmonize the various preference schemes.
Provide the much needed stability of preferences. Uniformity would also reduce the number of accidental miscalculations and mis-adjustments that arise when African firms seeks to penetrate foreign markets – a byproduct of the existing system’s unnecessary complexity. A detailed agreement negotiated in the context of the WTO, and fully accountable to the WTO’s disciplinary rules, would increase the likelihood that preferential regimes contribute to positive development outcomes.

The problem of Africa’s declining international terms of trade suggests clearly that, while the countries of the continent must strive to be competitive, competitiveness is not in and of itself sufficient to deliver stable development. As the experience of the adjustment years has amply demonstrated, the implementation of comprehensive trade policy reforms, including currency devaluation as a strategy for improving the competitiveness of African exports, has not been rewarded with revenue receipts that are commensurate with export volumes. The terms of trade issue, therefore, suggests the need to match domestic efforts at improving Africa’s competitiveness with the creation of a more conducive international environment for African countries to realize their developmental aspirations. It also underlines the urgent necessity for a wider diversification of African exports so that the countries of the continent are not all competing with the same products in the same markets.

Furthermore, eligibility requirements of AGOA have still continue to be of great concern, especially the requirements of establishing or making efforts to establish a market based economy and elimination of barriers to US trade and investment and the protection of intellectual property. Experience has shown that adopting market-based economies does not necessarily lead to reduced poverty or creation of jobs, quite the contrary; it often results in increased poverty, inequality and unemployment as happened during the implementation of structural adjustment programme (SAP) in the 1980s and 1990s. Furthermore, government intervention in the economy is necessary to make sure that there is equitable distribution of resources and that all people have access to affordable services such as education and health care.

Finally and more importantly, there is urgent need to address institutional and structural decay that has become a common feature of some SSA countries. Virtually all the public institutions and infrastructural facilities in the sub Sahara African countries are in a very sorry state. If these institutions and infrastructural facilities in SSA are restored to normalcy, that may impact positively on the other sectors of the economy such as agriculture and tourism. And
diversifications of the nations’ economy, no doubt, are the first step towards achieving endogenous development. Again, attention should be seriously focused on the education and health sector. This is very crucial if African countries hope of becoming one of major economies in the near future will be realized. Also, for the African states to be able to make meaningful trade bargain, they should first of all re-position themselves politically. The tendency to see politics and a means of self–enrichment should be stopped.

Another area that AGOA should concentrate on is the provision of finance, skills development and technical assistance for small and medium enterprise operators in development in Africa. This would allow SMEs to expand production and enhance product. AGOA should provide preference to different products, which will allow countries to maximize the potential of their existing products rather than trying to develop new industries or products in which they do not have competitive advantage.
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