

US-AFRICA TRADE RELATIONS

Foreign Direct Investment, Aid & Assistance Programs

ACI [2003]

The Anti-Corruption Initiative (ACI) of USAID's Bureau for Africa is designed to reduce corruption in sub-Saharan Africa and lend support to efforts by African leaders to link good governance with sustainable development. Since 2003, the ACI has supported anti-corruption programs in Benin, Kenya, Madagascar, Mozambique, Nigeria, Rwanda, Tanzania, Zambia, South Africa, and via the three USAID regional missions in Africa.

ADF [2006]

The African Development Foundation (ADF) www.adf.gov is a U.S. Government agency and corporation that invests directly in African small and medium-scale enterprises, agribusinesses, and smallholder farming operations, in order to diversify their product lines, enhance quantity and quality of production, and enable them to access regional and global markets. ADF's ADF-supported enterprises receive up to \$250,000 in grant financing, but commit to contribute up to 100 percent of the grant amount – based on business projections and actual profitability – to a local development trust.

AEI [2002]

Africa Education Initiative (AEI) - This Presidential Initiative, managed by USAID's Africa Bureau, began implementation in 2002 and is providing \$600 million over nine years to address the immediate learning needs of African children. With increased levels of education, rich and poor countries become more productive, leading to higher rates of growth that in turn allow for improved standards of living. AEI focuses on: teacher training; providing textbooks and other learning tools for children; providing scholarships for girls and other vulnerable children; increasing parents' involvement in their children's education by working to make school systems more transparent and open to reforms proposed by parents; and mitigating the impacts of HIV/AIDS on the education sector.

Africa and the WTO [2006]

World Trade Organization - www.wto.org Supporting African countries' integration into the global economy is one of the main elements of the Administration's Africa trade policy. An important step toward this end is encouraging fuller participation in the WTO by African Members, including the undertaking of greater commitments under WTO agreements.

AGOA [May 18, 2000]

The African Growth and Opportunity Act (AGOA) www.agoa.gov was signed into law on May 18, 2000 as Title 1 of The Trade and Development Act of 2000. Thirty-seven of the 48 sub-Saharan African countries are eligible for benefits under the African Growth and Opportunity Act (AGOA) – which provides them duty-free access to the U.S. market for virtually all products. Since its inception in 2000, AGOA has helped increase U.S. two-way trade with sub-Saharan Africa by 115 percent. In 2005, U.S. total exports to sub-Saharan Africa rose 22 percent from 2004, to \$10.3 billion. U.S. total imports from Africa increased by 40 percent to \$50.3 billion. In 2005, over 98 percent of U.S. import from AGOA-eligible countries entered the United States duty-free.

AGOA's trade and investment-centered policy approach seeks to: (1) increase U.S.-Africa trade and investment; (2) reinforce Africa's economic and political reform efforts; (3) provide greater access to U.S. technical assistance and trade finance facilities; and (4) promote high-level U.S.-sub-Saharan African dialogue on trade and investment related issues.

1) The 37 AGOA beneficiary countries are Angola; Benin; Botswana; Burkina Faso; Burundi, Cameroon; Cape Verde; Chad; Republic of Congo; Democratic Republic of Congo; Djibouti; Ethiopia; Gabon; The Gambia; Ghana; Guinea; Guinea-Bissau; Kenya; Lesotho; Madagascar; Malawi; Mali; Mauritius; Mozambique; Namibia; Niger; Nigeria; Rwanda; Sao Tome and Principe; Senegal; Seychelles; Sierra Leone; South Africa; Swaziland; Tanzania; Uganda; and Zambia. On January 1, 2006, Burundi was added to the list of eligible countries, and Mauritania was removed from the list.

2) The 25 countries eligible to receive AGOA apparel benefits are Benin; Botswana; Cameroon; Cape Verde; Chad; Ethiopia; Ghana; Kenya; Lesotho; Madagascar; Malawi; Mali; Mauritius; Mozambique; Namibia; Niger; Nigeria; Rwanda; Senegal; Sierra Leone; South Africa; Swaziland; Tanzania; Uganda; and Zambia.

3) The fourteen countries that also qualify for AGOA's provisions for hand loomed and handmade Articles are: Kenya, Lesotho, Botswana, Malawi, Swaziland, Namibia, Zambia, Ghana, Mozambique, Tanzania, Senegal, Ethiopia, Nigeria, and Sierra Leone.

4) U.S. Department of Commerce is also working with the Government of Mali in order for it to qualify for this benefit.

DFI [2006]

The Digital Freedom Initiative (DFI) is a five-year program organized by the Departments of Commerce and State, USAID, USA Freedom Corps, and the Peace Corps. The goal of DFI is to promote economic growth by transferring the benefits of information and communication technology to entrepreneurs and small businesses in the developing world. Key elements of the DFI are: (1) placing volunteers in small businesses to share business knowledge and technology expertise; (2) promoting pro-growth regulatory and legal structures to enhance business competitiveness; and (3) leveraging existing technology and communications infrastructure in new ways to help entrepreneurs and small businesses better compete in both the regional and global market place.

DOL [1995]

The Department of Labor (DOL) www.dol.gov funds and implements a number of international development projects aimed at assisting sub-Saharan African countries to address labor related issues, such as strengthening industrial relations, assisting dislocated workers, improving mine safety, and combating child labor. Since 1995, DOL has funded \$566 million for projects in developing countries, with sub-Saharan Africa receiving over \$148 million for 58 projects covering 27 countries. DOL funds a wide range of projects in Africa in four basic areas: Combating Exploitative Child Labor, Improving Economic Opportunities and Income Security for Workers, Protecting the Basic Rights of Workers, and Combating HIV/AIDS Through Workplace Education.

Energy Infrastructure Development

The Department of Energy (DOE) www.doc.gov continues to work with sub-Saharan African countries, both bilaterally and multilaterally, to promote enhanced energy security and expanded trade and investment, including through policy consultations, capacity building activities, and technology demonstrations. Cooperation encompasses all segments of the energy supply chain and emphasizes increased use of advanced and energy efficient technologies and enhanced transparency to attract and maintain foreign direct investment.

IEHA [2003]

Initiative to End Hunger in Africa - The IEHA program, begun in 2003 and managed by USAID's Africa Bureau, focuses on promoting agricultural growth and building an African-led partnership to cut hunger and poverty. The primary objective of the initiative is to promote a rapid and sustainable increase in agricultural growth and rural incomes in sub-Saharan Africa. To grow out of poverty, smallholder farmers and agricultural firms need to generate profits and income from their products and services. IEHA investments fall under six thematic areas: science and technology, agricultural trade and market systems, community-based producer organizations, human and institutional capacity building, environmental management, and vulnerable groups/transition countries.

MCA [2006]

Millennium Challenge Account - www.mca.gov The MCA "*Reducing Poverty Through Growth*" is a new approach to development assistance. First, it rewards pro-growth development policies by assisting those countries that have demonstrated a commitment to ruling justly, investing in their people, and promoting economic freedom. Second, the MCA establishes a partnership in which the developing country, with the participation of its citizens, proposes its own priorities and plans for MCA funding. Finally, the MCA places a strong focus on results and transparency. Funds will go only to those countries with well-implemented programs that have clear objectives and measurable benchmarks. To reflect and carry out this innovative strategy, the Millennium Challenge Corporation (MCC) developed a set of quantifiable indicators to measure performance. Congress appropriated \$1 billion for the MCA for FY2004 and \$1.5 billion for FY2005. The President has requested \$3 billion for FY2006 and pledged to increase annual funding for the MCA to \$5 billion in the future.

OPIC [2006]

The Overseas Private Investment Corporation (OPIC) www.opic.gov fosters economic development in sub-Saharan Africa by providing project financing, direct loans and loan guaranties, and political risk insurance to eligible U.S. investors. In addition, OPIC provides support to independently managed private-equity funds. OPIC is currently providing over \$1.7 billion in financing and political-risk insurance to 68 projects and investment funds in sub-Saharan Africa. U.S. free trade agreement with a developing country signed to date. The agreement also significantly reduces barriers to U.S. agricultural products and services.

PEPFAR/Emergency Plan) [2006]

The President's Emergency Plan for AIDS Relief (PEPFAR) marked a turning point in the worldwide response to HIV/AIDS. The Departments of State, Defense, Health and Human Services, Commerce and Labor, as well as USAID and the Peace Corps, have come together under the Emergency Plan to address the HIV/AIDS pandemic. In FY2005, the United States committed approximately \$2.7 billion to the Emergency Plan, up from \$2.3 billion in FY2004, the first year of implementation. President Bush has requested, and Congress has appropriated, approximately \$3.3 billion for FY2006, keeping the Emergency Plan on track to meet the President's five-year, \$15 billion commitment.

SBA [2005]

The U.S. Small Business Administration (SBA) www.sba.gov continues to support AGOA through technical assistance and transfer of technology. In 2005, the SBA hosted officials from over 35 sub-Saharan African countries who were interested in how SBA develops technical assistance and finance programs and distributes those services to the business communities throughout the United States.

TCB [2005]

Trade Capacity Building - The United States devoted \$199 million to TCB activities in sub-Saharan Africa in FY2005 – up more than 10 percent from FY2004 and up roughly 50 percent from FY2003. TCB helps to improve the linkage between trade and development by providing developing countries with the tools to maximize trade opportunities.

USAID [2005]

U.S. Agency for International Development—www.usaid.gov Helping African countries to integrate into the world economy is a primary objective of USAID's economic growth and trade activities, which support African trade and investment policy, institutional analysis and reform, trade capacity building and technical training, and the promotion of U.S.-Africa private sector development. In FY2005, USAID provided \$83.5 million in TCB funds for sub-Saharan Africa. U.S. agencies – including USAID, the USDA Forest Service, the Environmental Protection Agency (EPA), the U.S. Department of Interior's Fish and Wildlife Service, and other offices of the Departments of State, Commerce, Agriculture, and Interior – are implementing projects and initiatives to assist African countries in protecting the environment while promoting sustainable economic development and equitable and just governance of renewable and non-renewable natural resources. Key programs include: Congo Basin Forest Partnership, Community-Based Natural Resource Management, The West Africa Water Initiative (WAWI), Clean Fuels and Vehicles, Urban Safe Drinking Water, and Urban Air Quality Management.

USTDA [2006]

The U.S. Trade and Development Agency (USTDA) www.ustda.gov advances economic development and U.S. commercial interests in developing and middle-income countries. The agency funds various forms of technical assistance, feasibility studies, training, orientation visits, and business workshops that support the development of a modern infrastructure and a fair and open trading environment. USTDA activities directly support AGOA implementation by helping to create an enabling environment for increased U.S.-Africa trade and investment.

WACIP [2005]

West Africa Cotton Improvement Program - In November 2005, the United States announced the newly-created West Africa Cotton Improvement Program (WACIP) that provided an initial \$7 million to improve production, transformation, and marketing of cotton in West Africa, based on U.S. funded assessments of the sector. The program has nine key areas supported by WACIP for cotton-specific development, including: expansion of good practices (pest management, soil conservation and fertility) and research linkages between U.S. and West African organizations; better classification of seed cotton; establishment of regional training programs for ginners; support for policy development to facilitate private management of the cotton sector; expanded access to high quality inputs (seeds, fertilizer, agrochemicals); and exploration of ways to add value to West African cotton through regional processing.

Sources: www.state.gov/ www.usaid.gov/ www.ustr.gov/

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