

# AGOA eligibility requirements under review in three African countries

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On 2 November 2021, US President Joe Biden announced that three African countries would be terminated from the African Growth and Opportunity Act (AGOA) trade preference programme, unless they took urgent action to meet statutory eligibility criteria by 1 January 2022. The three countries listed were Guinea, Mali and Ethiopia. The US administration cited unconstitutional changes in governments in Guinea and Mali and human rights violations in Ethiopia, due to conflict in the country, as reasons for the termination. The statement announced the intention to provide all three countries with a clear benchmark and pathway towards reinstatement so that valued trading partnerships could be resumed.



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## Eligibility

AGOA eligibility criteria is reviewed annually to ensure that countries qualify to continue to receive the benefits of the trade preference scheme. Requirements for eligibility include, among other things, that countries must be making substantial progress in establishing a market-based economy, as well as following the rule of law and implementing economic policies that reduce poverty and combat corruption and bribery. Countries must also protect internationally recognised worker rights, and must not engage in activities that undermine US foreign policy or national security interests. Countries must not be found to have committed gross human rights violations.

If countries are not making progress with AGOA eligibility requirements, they may be terminated as beneficiaries of the trade preference scheme. Alternatively, the US administration may withdraw or suspend the duty-free treatment of products for a particular country to facilitate compliance with AGOA.

## Trade imbalance

The most recent statistics available, from 2019, indicate that US trade with all three of these countries is not balanced in terms of its reciprocity. According to the Office of the US Trade Representative, Ethiopia was the 84th largest goods trading partner with the US in 2019. In this year, goods exported from Ethiopia to the US were valued at \$1bn, and goods imported from the US into Ethiopia were valued at \$572m. The US goods trade surplus with Ethiopia was \$442m in 2019. In the same

year, Guinea was the 161st largest goods trading partner with the US. Goods exported from the US into Guinea amounted to \$128m and US goods imported into Guinea totaled \$9m. The US goods trade surplus with Guinea was \$119m in 2019. Mali was the 178th largest goods trading partner with the US in 2019. Goods exported from Mali to the US totaled \$68m and goods imported from the US into Mali totaled \$5m. The US goods trade surplus with Mali was \$63m in 2019.

## **Prosper Africa Initiative**

The US administration recently announced the renewal of its Prosper Africa Initiative, with a message that it would reinvigorate reciprocal trade between Africa and the US. The initiative focuses on improving trade and investment between the US and Africa in sectors such as infrastructure, energy and climate solutions, healthcare and technology. The Biden Administration is reportedly also supportive of the African Continental Free Trade Area agreement (AfCFTA) - a continent-wide free trade agreement.

The non-reciprocal AGOA, which allows duty- and quota-free exports from eligible African countries into the US, is due to expire in 2025. It was thought that it might be replaced with new, reciprocal trade agreements between the US and African countries that follow the free trade policies of the AfCFTA agreement, as well as the more reciprocal trade relationships promoted as part of the Prosper Africa initiative. However, it appears that adherence to the strict statutory obligations of AGOA membership might continue to be implemented as an effective governance tool, ensuring that AGOA eligibility requirements, which include commitments to constitutionality, the rule of law and human rights, are closely followed in every country that wishes to benefit from duty free trade with the United States. Whether this will change in 2025 and be replaced with more reciprocal trade agreements remains to be seen.

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