



## Trade Capacity Building under a Renewed African Growth and Opportunity Act (AGOA)

Linda Schmid, <sup>i</sup> July 31, 2014

The US House Ways and Means Committee held a hearing July 29th on the African Growth and Opportunity Act (AGOA). Committee Chairman Nunes of California and Ranking Member Rangel of New York announced they are working together to seamlessly renew AGOA. Congressional Representatives will explore the technical assistance and capacity building provisions of AGOA. They will consider country eligibility criteria, product coverage, and changes to improve supply-side issues. For example, during the hearing, investment in vocational and educational training was highlighted as a means to address supply-side constraints to trade. In addition, Congressman Blumenauer of Oregon suggested AGOA contribute to environmental sustainability. Congressman Reichert of Washington noted how some trading partners use national export strategies to leverage AGOA. The Committee is accepting public submissions to the record on AGOA, which expires in September 2015.

Trade capacity building under AGOA should enable trading partners to fully implement and benefit from trade arrangements with the US. In addition to AGOA, The US has formal trade arrangements<sup>1</sup> with several sub-Saharan African countries to support trade and investment. For example, the US has *Trade and Investment Framework Agreements* (TIFAs) with 8 countries, including: Angola, Ghana, Liberia, Mauritius, Mozambique, Nigeria, Rwanda, and South Africa. The TIFA is traditionally a starting point for US bilateral cooperation on trade. For example, TIFAs emphasize the importance of the investment climate in facilitating trade in goods and services; establish coordinating councils to monitor trade and investment relations; and work to remove specific impediments to trade as they arise. The US also has TIFAs with the *East African Community* ([EAC](#)), the *Common Market for Eastern and Southern Africa* ([COMESA](#)), and the *West African Economic and Monetary Union* ([WAEMU](#)). Similarly, the US has a *Trade, Investment, and Development Cooperative Agreement* with the *Southern African Customs Union* ([SACU](#)). The US also has Bilateral Investment Treaties (BITs) with Cameroon, the Democratic Republic of Congo, Mozambique, Rwanda, and Senegal. BITs are more stringent than TIFAs and spell out specific rights and responsibilities, such as, national treatment, most-favored-nation treatment, and institutional and procedural transparency.

Trade capacity building under AGOA should strengthen our trading partners' institutional capacity to carry out their trade related responsibilities. Technical assistance should help trade related ministries ensure attractive investment climates, proactive coordinating committees on trade and investment, and the removal of specific trade impediments. Capacity building should help ministries institutionalize publication of rules and regulations as well as administrative

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<sup>1</sup> <http://www.ustr.gov/countries-regions/africa>

transparency. Assistance should build the trade competence of ministries of commerce, health, transport, and customs authorities to effectively carry out, for example, responsibilities related to business registration and licensing, implementation of sanitary and phytosanitary rules, as well as cross-border transport. AGOA should help build the institutional capacity of ministries in transparent public procurement, competition policy, and adept use and enforcement of intellectual property rights. AGOA should support cooperation between trade related ministries by bringing authorities together to exchange experts, compare review processes, and reduce friction due to different rules and institutional practices. Helping trade related ministries meet the specific obligations of trade arrangements with the US will reduce the risk associated with opaque and arbitrary investment environments, help develop more transparent and contestable marketplaces, and create greater confidence in the ability to conduct business with AGOA trading partners.

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