Strengthening U.S.-Sub-Saharan Africa Trade:
AGOA, Technical Standards, and Energy Initiatives

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WISE Program
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Issue Definition:
Sub-Saharan Africa Energy Demand
Foreign Players Rising Interest
Africa, a continent of over 1 billion:
• 24% of people in Sub-Saharan Africa have access to electricity
• Equivalent to state of NY, 40 terawatt hours
• 19.5 versus 791 million people
Foreign Players in Sub-Saharan Africa

China’s Trade with Africa

“We must see China for what it is: a competitor.”
- Sanusi Lamido Sanusi, the then-governor of Nigeria’s Central Bank, 2013

Source: China Statistical Yearbook, SAIS China Africa Research Initiative

Credits: Eleanor Albert, Julia Ro
Current Framework & Challenges: African Growth and Opportunities Act (AGOA) Technical Barriers to Trade
African Growth and Opportunities Act

- Establishes trade preferences to 6800 product lines for eligible countries
- Has modestly increased trade volume since 2000
- Failure to diversify trade
- Limited value-added products
- Benefits have not been shared among countries
Current U.S.-Sub-Saharan Africa Trade Relations

Sub-Saharan Africa: U.S. General Imports by major industry sector, 2010-14

Source: U.S. Department of Commerce
Recent Developments on Africa’s Trade

African Continental Free Trade Agreement (AfCFTA):

- Takes 90 percent of tariffs off, strengthens regional integration
- Unites 1.07 billion people with a combined continental GDP of US$3.3-trillion
- Six out of 22 countries have ratified

AGOA Forum July 9-12th, 2018:

- Realizing that Africa today is not Africa 18 years ago
- Interest in capitalizing momentum from AfCFTA and exploring FTA with U.S.
Renewable Energy Prospects

South Africa

Sub-Saharan Africa has one of the highest densities of solar irradiation yearly, providing a cornucopia of renewable energy resources.

Global Average: 1.80 USD
Sub-Saharan Africa: 1.30 USD
(Per Watt of power)
Technical barriers to diversifying and enhancing our trade with Sub-Saharan Africa

Number of Regulatory Barriers and Notifying Countries, 1995-2010

- Safeguard to public health and infrastructure
- Standards communities vary globally
- Can create unnecessary technical barriers
- WTO Technical Barriers to Trade

Source: VOX, CEPR Policy
Three-Pronged Solution to Strengthen U.S.-Sub-Saharan Africa Trade Relations

1.) Promote Private Sector Investment

2.) Diversify Africa Trading Portfolio

3.) Integrate U.S.-based Standards into Trade Preferences

20,000 American jobs

1:5 American to African dollar investment ratio
Policy Recommendations: AGOA and Beyond

1.) Promote Private Sector Investment

2.) Diversify Africa Trading Portfolio

3.) Integrate U.S.-based Standards into Trade Preferences
Take Away Messages

Sub-Saharan Africa has one of the largest populations of energy poverty, but has one of the greatest prospects for renewables

Opportunity to leapfrog technology to renewable infrastructure and diversify trading portfolio

If the Trump Administration does not commit to a foreign policy plan for Africa, other nations will edge the U.S. out of the region

The opportunity cost associated is 20,000 American jobs, and millions in foreign investment returns lost to other players such as China

The U.S.-Sub-Saharan Africa trade needs to be revised under AGOA with the prospects of a bilateral FTA

AGOA should be amended to decrease volatility and expand the number of two-way, duty-free access products
Thank you

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