



EVALUATION OF NIGERIA'S BENEFITS FROM THE AFRICAN GROWTH AND OPPORTUNITY ACT (AGOA)

Presentation by Abdulsalam K. Usman
AGOA Desk, Trade Department
Federal Ministry of Commerce and Industry,
Abuja
at the TIFA Sensitization Workshops in Lagos
and Kano, September, 2009



Presentation outline

- Brief overview of AGOA
- Product eligibility (coverage)
- Brief implementation process in Nigeria
- Nigeria's focal sectors
- Evaluation of AGOA benefits (Nigeria)
- Challenges
- Strategies to boost export
- Suggestions for greater benefits
- Conclusion



Overview of AGOA

- AGOA was signed into law in 2000 under the US Trade and Development Act of 2000
- AGOA aims at enhancing trade and investment between the US and Sub-Saharan Africa (SSA)
- AGOA will be in force till 30th September, 2015



Overview (cont'd)

- To date 40 countries, including Nigeria are eligible
- AGOA provides duty-free and quota-free market preferences to products from SSA
- For greater performance, the Act has been amended 3 times leading to AGOA II, III, & IV



Product eligibility (coverage)

- Over 6,400 product lines are covered by AGOA
- Products are classified into sectors- agriculture, forestry, textiles/garments, chemicals, energy, Footwear, Minerals & Metals, Machinery, Transportation equipment, electronics, Miscellaneous manufactures, Special provisions



Brief implementation process in Nigeria

- AGOA National Implementation and Advisory Committee in place in 2001-2003
- Appointment of an Adviser 2003-2007
- Reconstitution of new AGOA structures-2008 to date chaired by the Hon. Minister and the Permanent Secretary



Brief impl.

- Key activities of the committees included:
- Sensitization campaigns on AGOA
- Amendments to the Customs & Excise Management Act (CEMA) of 1990 to forestall trans-shipment of textiles and apparel
- Certification of Nigeria's folkloric articles such as Aso-oke, Adire, African prints by CITA under category 9 of AGOA textiles provision



Brief impl.

- Establishment of a Human Resource Centre in Lagos for skills acquisition in garment manufacturing
- Over 1000 trainees have benefited from the programme
- Most of the trainees are now self employed or instructors at the centre
- Centre to be replicated in other cities



Nigeria's Focal Sectors

- Agricultural products such as Shea Butter, Cashew nuts, Spices, Sesame seed, Shrimps, Tubers, Specialty foods
- Textiles/Garment such as T-shirts, Sports wear, Boxers, African prints & wax, Aso-Oke, Adire, etc
- Leather/Leather products such as Footwear, Belts, Bags, etc
- Handicrafts/Minerals such as Interior decos, Raffia products, Art works, precious stones, etc



Evaluation of AGOA benefits

- The US is a-\$14 trillion consumer market, the largest in the world
- US Investment flow to SSA totaled \$116.6b in 2006
- US imports from SSA under the AGOA were \$66.3 billion in 2008, about 29.8 % more than in 2007
- US oil imports accounted for 92.w% of the \$66b, while non-oil imports accounted for 7.7% or just \$5billion

Evaluation of AGOA benefits (cont'd)



- In 2008 top 5 AGOA beneficiary countries included- Nigeria, Angola, South Africa, Chad, and Republic of Congo
- Other leading AGOA beneficiary countries included Gabon, Cameroon, Lesotho, Madagascar, Kenya, Swaziland, Ghana and Mauritius
- AGOA has generated hundreds of thousands of jobs and hundreds of millions of dollars of new investment across Africa



AGOA benefits to Nigeria

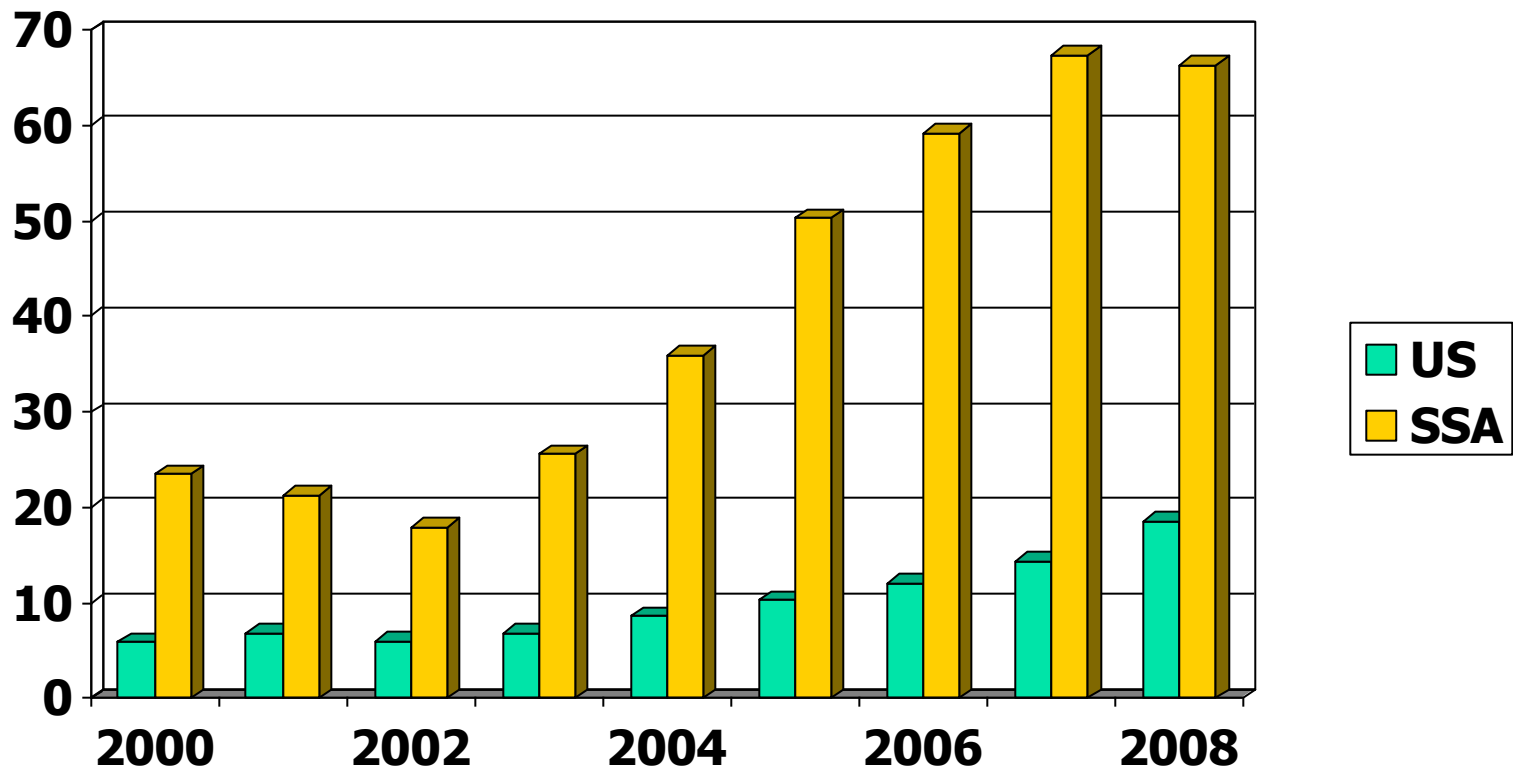
- Nigeria is the largest beneficiary of AGOA (oil & non-oil)
- US investment flow to Nigeria in 2006 was \$28.3 billion in the downstream, pharmaceuticals and chemicals
- Nigeria is equally picking up in other sectors such as agriculture, textiles & apparel, forestry, minerals and metals etc
- Nigeria ranks 8th , out of the 40 AGOA beneficiary countries, in 2008 export of agricultural products to the US



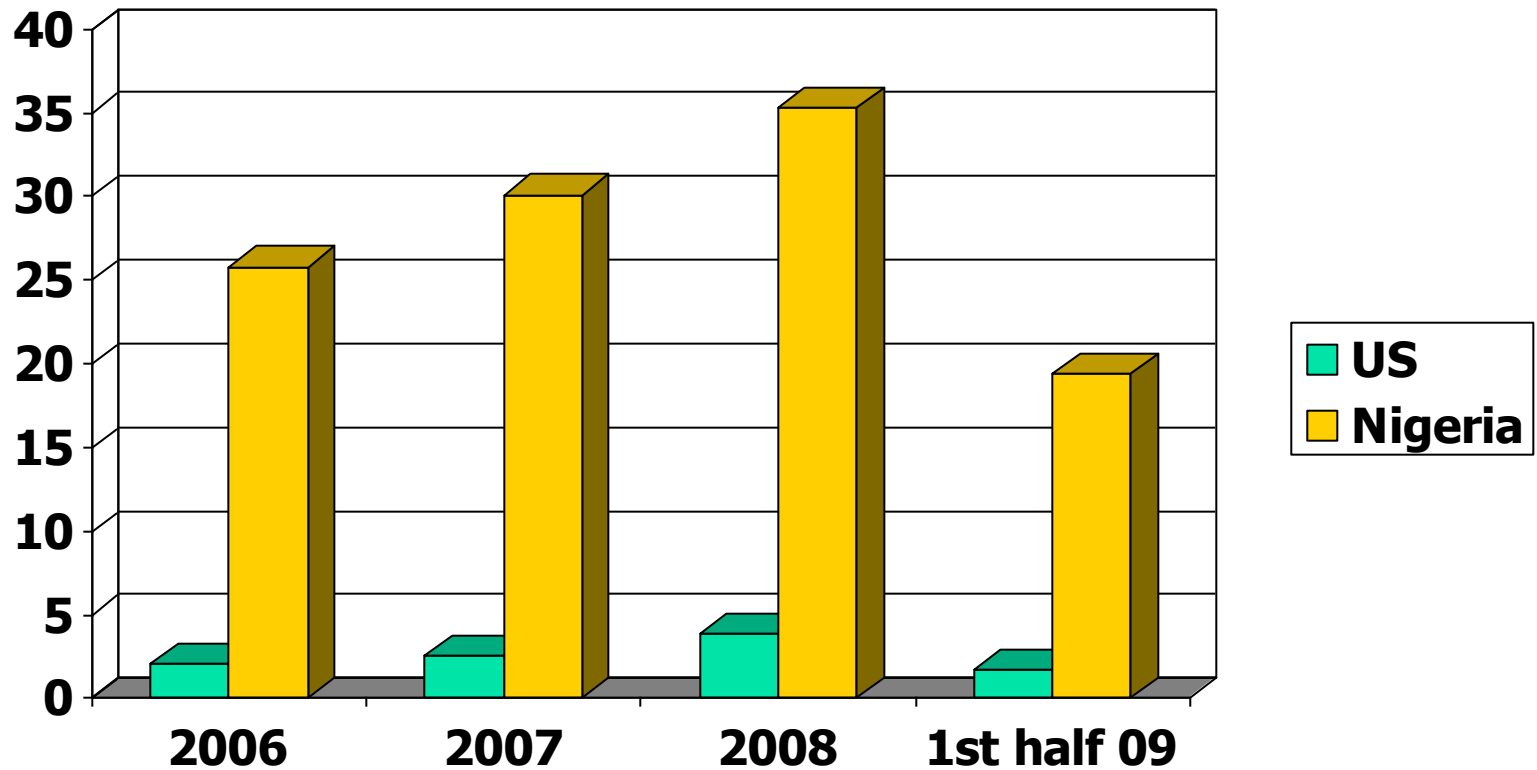
AGOA benefits to Nig.(cont'd)

- Leading products from SSA include – Apparel, cut flowers, footwear, tuna processed fish, and other value added goods such as processed food and industrial products
- Nigeria's leading AGOA non-oil products to the US includes; Shea Butter, shrimps, apparel, cashew nuts, ginger, gum arabic, sesame seed, ethnic food (foodstuff), cocoa products, rubber, etc
- Balance of trade between the US and Nigeria over the years has been in favour of Nigeria

U.S. Trade flow with SSA – 2000 – 2008 in \$billions



Nigeria – US Trade Flow under AGOA in \$billions





Challenges in the Impl. ...

- Stringent Sanitary and Phyto-Sanitary (SPS) requirements
- High transportation cost and poor trade facilitation system
- Difficulty in accessing finance and credit facilities by manufacturers and exporters, especially the SMEs
- Lack of adequate training and modern equipment in processing value - added agricultural products



Challenges ... (cont'd)

- Packaging and labeling
- Unwillingness of our business people to take risks associated with export business
- Lack of basic information about doing business in the US market
- Weak infrastructure – energy, transportation, water, information technology (IT), etc



Strategies to boost export

- Enhancing export competitiveness of our exporters
- Establishment of an effective trade facilitation system to ensure timeliness of delivery of orders
- Regular capacity programmes to entrepreneurs to address internal supply side constraints
- Establishment of skills acquisition centres to boost production for export
- Establishment of cold storage facilities and agricultural trade support infrastructure at designated points



Suggestions for greater benefits

- Continued US assistance to enhance institutional capacities to meet up with SPS issues
- Public-Private Partnership to enhance export
- Ability of Business people to take risks
- Mainstreaming Trade and AGOA into the President's 7-Point Agenda as tools for wealth creation, job creation and poverty alleviation

My Wish – Aim High, Climb
High, Make more \$\$\$\$\$\$.....





Conclusion

- AGOA is a window of export opportunities which can also serve as a catalyst towards achieving Nigeria's vision 2020 in terms of foreign earnings, boosting production and capacity utilization and generating hundreds of thousands of gainful employments