



IMPLEMENTATION OF AGOA IN NIGERIA.

Introduction:

Nigeria is yet to take full advantage of AGOA since it was enacted in May 18, 2000. Issues of political instability, inadequate infrastructure and poor macroeconomic management retarded the rate at which the country access the AGOA benefits. The failure to diversify the country's economy away from its overdependence on the capital intensive oil sector, which provides 95% of foreign exchange earnings and about 80% of its budgetary revenues, has greatly affected the agricultural sector.

Despite this lopsided development, Agricultural exports could still play an important role in Nigeria-US trade if properly harnessed and if efforts are made to diversify into higher value agricultural products. The US suppliers on the other hand could increase their scope by providing inputs like fertilizer and light machineries to Nigerian farmers.

Presently, Nigeria-US trade is dominated by energy and energy related products (oil and gas) while other sectors contribution remained insignificant. However, agricultural products exports to the US continued to increase over the years. Exports of agricultural products to US in 2012 was valued at \$80.83



million an increase of about 20% when compared with \$58.78 million recorded in 2010. Other products that featured in Nigeria's bilateral trade with US include forest products, chemicals and related products, textiles and apparel, minerals and metals machinery, transportation equipment, electronic products etc. (See Table on Bilateral Trade by Sector: US-Nigeria).

The bilateral trade profile offers immense opportunities for both countries to intensify dialogue towards increasing their trade relations. The U.S. have realised that the balance of trade is not in their favour (as a result of high importation of Crude Oil from Nigeria) and is therefore moving towards jacking up her investment in the Information Communication Technology (ICT), Telecommunications and other economic activities. Nigeria on the other hand is envisaging sharp reduction in US purchase of its oil and is working assiduously to diversify into other areas.

The U.S. Foreign Direct Investment (FDI) flow into Nigeria has increased from \$5.2 million in 2000 to \$8 billion in 2012. US is moving towards the diversification of its investments in Nigeria from oil and gas sector to other key non-oil sectors such as Power, Energy, Agriculture, Hospitality, Housing and Health Care among others.



Nigeria's economy as a result of the widespread economic reform measures embarked upon by the present Government since its inception has expanded from 2001-2011 at an annual average rate of over 6.5 per cent. This is well above the Sub-Saharan Africa's average of 5.6 per cent. From 2009 to 2011 Nigeria has had an average growth of 2.8 per cent.

Nigeria is an emerging market and for the past decade, 2000 to 2011, Nigeria's average growth rate has been the third fastest among the ten emerging markets countries behind only China and India.

The positive response of the Nigerian economy to the reform measures as witnessed by the consistent growth rate recorded by the economy, is an indication that with a little push, the country will generate the necessary economic climate and emerge as a principal exporter of diversified products to the U.S. In this regard, it has been argued that Nigeria can significantly increase its non-oil exports under AGOA if the following measures are taken:

- i. Develop a national and state level AGOA strategies that are inclusive to determine where Nigeria's competitive and comparative advantages lie outside oil and gas;
- ii. Cultivate more land to increase agri-business;



- iii. Move away from traditional exports of primary commodities and diversify into value-added products;
- iv. Improve country's ranking in the Doing Business Index to increase inflow of FDI;
- v. Promote good governance.

The Achievements of AGOA

Minerals fuels and crude oil exports from AGOA beneficiary countries were valued at \$53.8 billion in 2011, which represent a 21.5 per cent increase in AGOA exports from 2010 and a more than 500 per cent increase from the initial \$8.5 billion in AGOA exports in 2001. Over the course of the decade, petroleum products accounted for roughly 85 per cent of AGOA imports, in which Angola and Nigeria have consistently accounted for about 10 per cent of U. S imports of oil during the last decade. Although some U.S. energy companies have trained local nationals in management and technical skills and put in place corporate social responsibility programs, such incentives have not created large number of new jobs for Nigeria. To make a fair assessment of AGOA, therefore, it is necessary to focus on the impact of increased non-



energy AGOA imports into US and the role of these imports in poverty alleviation and economic development.

In 2011, 11 years after AGOA was enacted, the number of countries exporting non-petroleum products to US had expanded to 22, more than half of those eligible. South Africa has remained a major exporter. Mauritius, Lesotho, Swaziland and Kenya exported the largest percentage of apparel and textiles to the U.S.

Nigeria, whose main non-oil export products are agricultural failed to record any significant export to the US. Generally speaking, Agriculture has not played a central role in the accomplishments of AGOA. Agriculture provide 70 per cent of employment in Sub-Saharan Africa and 30 per cent of the regions gross domestic product. Agricultural products on the other hand, are less than 1 per cent of AGOA exports. Apart from the fact that, the U.S. is not the most suitable destination for some agricultural goods from Africa (such as cut flowers) especially when compared with the European Union's closer proximity, most African agricultural products lack sufficient value addition and some of them have been excluded from AGOA.



Sanitary and phyto-sanitary standards, though important for maintaining food quality and protecting human, plant and animal health, has imposed additional demands for Nigerian exporters as well as their counterparts in Sub-Saharan Africa. This is seen as a major limitation to export of agricultural products to US under AGOA.

Other achievements of AGOA include job creation, increase in foreign direct investments, and efforts towards regional integration through the creation of regional value chains and corresponding increases in intra-African partnerships. Unfortunately, most of these chains have been concentrated in the apparel sector where Nigeria, for now, is not a principal player.

Government's Promotional Strategy for AGOA

1. Establishment of National Supplementation and Advisory Committee;
 - Developed export plan for the Nigerian economy.
 - Worked with US based Consultant, Manchester Trade Limited to evolve a comprehensive strategic export plan in Nigeria for the purpose of benefiting from AGOA;



2. Conducted Market Surveys to develop product profiles from AGOA;
3. Sensitisation Workshops/Seminars to create awareness of AGOA opportunities;
4. Capacity Building workshop in collaboration with the USTR in Nigeria;
5. Establishment of TIFA Council as well as Nigeria-US Joint Economic Partnership Committee (JEPUC)
 - Created a direct air link and seaport connection for Nigeria to freight goods to and from Miami, the gateway to the Americas.
6. Trade missions to several countries to promote active private sector participation.
7. Product adaptations Programme for several agric products such as shea butter, frozen shrimps, footwear, garments, dried fish, cashew nuts, etc.
8. Additional Measures to improve the standards and quality of made-in-Nigeria products through the efforts of NAFDAC, SON



and FIRO. The introduction of mandatory Conformity assessment and 1509000 management system has improved made-in Nigeria products quality for the export market.

9. Production of an export manual by the NCS to ensure compliance and increase AGOA benefits.
10. Collaboration with WTO to introduce standards and Trade Development Facility (STDF) for some selected products such as Shea Butter and Sesame.
11. The design of a new Trade Policy as part of efforts to clearly map out strategies to address various trade impediments in the country. The review will enable Nigeria to realise its objectives of growing the economy and attracting substantial local and foreign investment as well as increasing its share of the AGOA trade as well as global trade.
12. The design of a new industrial master plan for Nigeria to increase the sector's contribution to GDP. The policy will promote backward integration and industrial growth along value chains.



Bilateral Trade by Sector: United States - Nigeria

Value ('1000 dollars) / Year-to-date is January-March

Sector		2010	2011	2012	2012 YTD	2013 YTD
Agricultural products:						
	Exports	969,501	1,362,903	1,084,896	284,926	294,042
	Imports	58,788	83,903	80,836	19,501	25,567
	AGOA (including GSP provisions) imports	3,363	3,159	3,523	1,008	823
	GSP imports	2,299	2,225	2,107	550	763
	AGOA imports	1,064	934	1,417	458	60
Forest products:						
	Exports	64,340	84,947	49,701	14,572	13,063
	Imports	352	334	558	112	77
	AGOA (including GSP provisions) imports	76	57	57	14	11
	GSP imports	76	57	57	14	11
	AGOA imports					
Chemicals and related products:						
	Exports	235,424	319,187	277,029	57,022	80,688
	Imports	737,515	406,863	118,582	56,811	51,938
	AGOA (including GSP provisions) imports	1,229	2,507	3,376	1,500	91
	GSP imports	1,229	2,507	3,376	1,500	91
	AGOA imports					
Energy-related products:						

Sector		2010	2011	2012	2012 YTD	2013 YTD
	Exports	616,933	631,225	1,004,654	89,905	375,120
	Imports	29,147,748	33,309,666	18,837,677	3,968,789	3,922,535
	AGOA (including GSP provisions) imports	25,152,716	31,002,733	17,721,353	3,754,119	3,690,928
	GSP imports					
	AGOA imports	25,152,716	31,002,733	17,721,353	3,754,119	3,690,928
Textiles and apparel:						
	Exports	17,031	15,715	18,695	4,419	3,972
	Imports	58	70	849	753	10
	AGOA (including GSP provisions) imports		1	799	748	2
	GSP imports		1	1		2
	AGOA imports			798	747	
Footwear:						
	Exports	3,652	5,177	4,243	645	1,153
	Imports	33	45	5		3
	AGOA (including GSP provisions) imports		38			
	GSP imports					
	AGOA imports		38			
Minerals and metals:						
	Exports	85,388	123,152	155,329	34,269	36,045
	Imports	16,316	561	1,623	86	1,417
	AGOA (including GSP provisions)	14	22	454		875

Sector		2010	2011	2012	2012 YTD	2013 YTD
	imports					
	GSP imports	11	22	454		875
	AGOA imports	3				
Machinery:						
	Exports	353,640	317,805	378,333	97,299	94,481
	Imports	397	964	368	137	378
	AGOA (including GSP provisions) imports	214		49	30	
	GSP imports	190		49	30	
	AGOA imports	24				
Transportation equipment:						
	Exports	1,366,091	1,622,452	1,751,597	369,751	416,588
	Imports	388	1,240	380	23	141
	AGOA (including GSP provisions) imports	3				
	GSP imports	3				
	AGOA imports					
Electronic products:						
	Exports	160,028	149,404	177,082	44,430	50,478
	Imports	457	597	739	108	153
	AGOA (including GSP provisions) imports	60	2	12	2	4
	GSP imports	60	2	12	2	4
	AGOA imports					
Miscellaneous manufactures:						



Sector		2010	2011	2012	2012 YTD	2013 YTD
	Exports	63,913	33,124	26,487	4,945	7,968
	Imports	3,062	3,594	7,504	737	1,441
	AGOA (including GSP provisions) imports	15	1	4		
	GSP imports	15		4		
	AGOA imports		1			
Special provisions:						
	Exports	40,278	41,092	48,574	12,728	17,191
	Imports	12,017	26,752	31,278	3,545	7,500
	AGOA (including GSP provisions) imports					
	GSP imports					
	AGOA imports					
All sectors:						
	Exports	3,976,221	4,706,183	4,976,621	1,014,911	1,390,788
	Imports	29,977,131	33,834,588	19,080,400	4,050,601	4,011,160
	AGOA (including GSP provisions) imports	25,157,691	31,008,519	17,729,626	3,757,420	3,692,735
	GSP imports	3,884	4,814	6,059	2,096	1,746
	AGOA imports	25,153,807	31,003,705	17,723,567	3,755,324	3,690,988

US Department of Commerce

Published on www.ago.info - tralac's online AGOA information portal



REVIEW OF THE 11TH AGOA FORUM HELD IN WASHINGTON, DC – 2012

The 2012 AGOA Forum focussed on how to overcome barriers to both US trade with Sub-Saharan Africa and intra-regional trade within Africa.

The Forum identified that a very key component to facilitating trade and to improving Africa's trade competitiveness in the global economy, is developing and improving infrastructure. This could be centred on building sustainable supply chain infrastructure or through improving access to market for women.

The importance of infrastructure to Africa was further emphasised by the US Secretary of State when he stated that "for Africa to realize its full potential, it will need to focus on developing its physical infrastructure, such as roads, ports and modern electrical grids.

Financing power projects in Africa the Forum will play a particularly significant role, as power is key to enabling the construction of a new and better infrastructure across the continent.

Presently, fewer than 25% of households in Africa have access to electricity. Improving the situation of energy in Africa will have the potential to ignite economic growth by creating all sorts of opportunities for small businesses, for cooperatives, for agriculture across the sectors.



Equally critical to investing in physical infrastructure across the continent of Africa will be improvements in regulatory infrastructure that make it easier to do things like registration of new businesses or obtaining a construction permit.

Other areas considered as key to stimulating rapid economic growth in Africa include:

- Creating a regulatory environment to attract renewable energy, investment and improving regulatory measures to encourage investment in broadband infrastructure;
- Concentrated effort to support the youth in terms of employment, empowerment and skill acquisition;
- Support for women entrepreneurs to gain from the expected multiplier effects to the rest of the economy;
- Improving health infrastructure to support citizens and enhancing infrastructure to promote women's economic success.

The 2012 AGOA Forum concluded deliberations with a call for US Government and African Countries to continue to advance their shared commitment and common goal using trade as an engine for economic growth



on both sides, and to explore ways towards maximising the potentials of the countries, businesses and people.

NEPC



INSTITUTIONAL REFORMS

1. DEVELOPMENT OF INFRASTRUCTURE:

The Nigerian Sovereign Investment Authority (NSIA) and the International Finance Cooperation (IFC) – a member of the World Bank Group have signed an Memorandum of Understanding MOU for a strong partnership that will help mobilise public and private resources for investments in sectors such as housing, healthcare, transport, power and gas. The partnership will bring development to the broader infrastructure sector and foster sustainable economic growth for Nigeria.

2. NATIONAL INTEGRATED INFRASTRUCTURE MASTER PLAN (NIIMP)

For Nigeria to address its inadequacies in infrastructure and to integrate all infrastructure plans and projects of the Federal Government into one, a National Infrastructure Master Plan (NIIMP) was formulated. The plan is a 30-year plan (2014-2043) which will require an estimated \$2.9trillion to close Nigeria's huge infrastructure gap in the next 30 years, 52 per cent to be generated by Government while the balance of 48 per cent is expected to be covered by the Private Sector.



The master plan will also put in place enablers that will attract private sector investments to the infrastructure sector.

INTRA-REGIONAL COOPERATION

The Urban Development Bank of Nigeria (UBDN) has recently signed a cooperation agreement with the Development Bank of South Africa (DBSA) to promote business, technology and knowledge exchange between two regional economic blocs by enhancing the capacities of both public and private sector to deliver infrastructure. The development of infrastructure is considered as the catalyst needed for sustained economic development.

HUMAN CAPITAL DEVELOPMENT

Nigeria will continue to focus on formulating policies aimed at reducing poverty and unemployment through concrete measures, policies and the involvement of all stakeholders. The Country will pay particular attention to strategic approaches to employment generation using both sector specific and macro-based strategies.

BANKING AND FINANCE

The Central Bank of Nigeria (CBN) is to establish the Nigerian International Financial Centre (NIFC) in an attempt at making the country Africa's financial



hub and a powerhouse in the global financial system. The arrangement would eventually attract top rated international financial services firms to invest in the centre and participate in the development of the African continent.

AFRICAN GROWTH AND OPPORTUNITY ACT (AGOA) COUNTRY

ADVOCACY

It is generally agreed that though aggregate trade between sub-Saharan Africa and the United State has been declining, AGOA Forum is an opportunity to stimulate broader access to the U.S Market through stronger partnership. Equally important is the need to make AGOA work for Africa and the United States, since Africa is considered a strategic partner to the United States.

It is also pertinent to appreciate the contribution of AGOA to Africa's development particularly in promoting non-traditional exports such as textiles and apparels, leather products, agro-processing products etc. AGOA has also contributed to job creation and flow of investments in some African Countries.

It should be noted that despite the positive contribution of AGOA to African countries, there remain some challenges that are hindering the realization of its full potential benefits. These challenges include:



- i. Sanitary and phyto-sanitary (SPS) requirements;
- ii. Restrictive rules of origin;
- iii. Product Specific Standards
- iv. Expiration of third-country fabric rule in 2012;
- v. Weak productive capacity of most African Countries;
- vi. Lack of regional value chain
- vii. Weak competitiveness as well as a result of weak infrastructure development.
- viii. Uncertainty about the future of AGOA

Having identified the above challenges, African leaders are expected to;

- i. Urge U.S to extend AGOA beyond 2015;
- ii. Urge U.S to align the third-country fabric provision alongside the term of AGOA;
- iii. Urge U.S to consider the concept of cumulation as a way of dealing with stringent rules of origin;
- iv. Urge Government to relax the rules of origin on fish and fish products to allow effective market access;



- v. Urge U.S to provide support for building productive capacities as well as for diversifying and expanding the production base in Africa;
- vi. Urge U.S to be engaged more in infrastructure developments in Africa;

On the role of Private Sector and Civil Society Groups from AGOA Beneficiary African Countries, African leaders are expected to recommend measures on the following key areas:

- i. The role of Civil Societies in trade promotion;
- ii. Empowering women through trade capacity building;
- iii. The role of trade-related technical assistance;
- iv. The next generation;
- v. Creating economies of scale for small and rural producers; and
- vi. Effective corporate responsibility programming.
- vii. Improving the implementation of AGOA;
- viii. Financing Africa's industrial development;
- ix. Value-additions' role in expanding agricultural markets;
- x. Stimulating intra-Africa trade;
- xi. Energizing the competitiveness of African Agriculture.



Way Forward:

As a way forward for Africa, it is recommended that;

- i. AGOA beneficiary states are urged to shift focus towards a US-Africa productive capacity development agenda which could set the basis for more profitable trade.
- ii. UNECA and AUC, in collaboration with other organizations, are requested to continue to support member states in assessing various scenarios of AGOA after 2015;
- iii. AGOA beneficiary States and the USG are urged to establish a joint monitoring and evaluation mechanism to assess progress on the implementation of decisions taken at AGOA Forums; and
- iv. The AUC is urged to strengthen its Office in Washington DC to better coordinate the activities of AGOA.

Conclusion:

Hilary Clinton in 2010 while reviewing the implementation of AGOA for decade, remarked that “despite the best of intentions, AGOA has achieved only modest results” thus highlighting the limitation of generating growth



through market access only in the absence of support to improve on Africa's infrastructure and other supply-side constraints.

Nigeria will continue to address its infrastructural challenges and supply side constraints to usher in a vibrant manufacturing sector that will increase its market share in the US trade as well as global international trade.

