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## **Statement**

**Delivered by**

**Ambassador Albert M. Muchanga  
Commissioner for Economic Development, Trade,  
Tourism, Industry and Minerals**

**at the**

**AGOA Civil Society Network Work Secretariat**

**George Washington University Center**

**13 April 2023**

**Your Excellency Ambassador Hilda Suka-Mafudze, African Union Ambassador to the United States;**

**Mr. Fred Oladeinde, President and Chairman of the AGOA Civil Society Network Secretariat;**

**Members of the African Diplomatic Corps;**

**U.S. Government Officials here present;**

**U.S. Private Sector and NGO Leaders;**

**Distinguished Researchers;**

**Ladies and Gentlemen.**

I greet each and every one of you!

Right from the beginning, I would like to thank our gracious host, the AGOA Civil Society Network Secretariat, for inviting us to this important conference, being held under the theme: “***Extending AGOA to 2035: Using Trade to Strengthen U.S.-Africa Strategic Alliances***”.

This is a timely conference, as we build up momentum towards renewed engagements with the US Administration regarding post-AGOA US-Africa trade and investment relations as well as follow up on the commitments of the very successful December 2022 USA-Africa Leaders' Summit.

You may recall that in December 2022, the African Union Ministers of Trade from the AGOA Eligible countries met here in Washington, at the request from **Ambassador Katherine Tai**, United States Trade Representative to have a: *“full and frank exchange of views on how to work together to improve the utilization rates under AGOA and ensure that the program can be an effective tool for development”*.

During those high-level engagements, there was an emerging consensus that there is need to extend AGOA beyond 2025.

I am advised that this recommendation has been tabled before the US Administration.

During the meeting Ambassador Katherine Tai, the African Ministers and the Africa Group of Ambassadors also underscored the following:

- AGOA extension for at least 10 years, with inclusion of all African countries;
- The importance of Africa speaking with One Voice in all US-Africa Trade and Investment engagements; and,
- Enhanced commercial diplomacy between the US and Africa.

There was also agreement that South African would host the next AGOA Forum in August/September this year.

I am advised and happy to note that during her address to the US Senate Finance Committee on 23<sup>rd</sup> March 2023, Ambassador Tai

reiterated the importance of improving US-Africa trade and investment relations, when she said: ***“I believe the future is Africa, and we are ramping up our engagement to deepen our partnership with the continent”***.

Against all this background, it is clear that we have strong political commitment to deepen trade and investment relations between the USA and Africa.

However, I am among those deeply concerned that the utilization of AGOA preferences has been very low.

Among the factors for this are the stringent requirements from the numerous US trade regulatory authorities, as well as the limited industrialization capabilities in Africa.

As a result, African exports under AGOA have been limited to few product lines such as fossil fuels, vehicles, clothing and textiles. Beef has now entered the basket.

As a result of this under-utilization, African exports to the US under AGOA fell from **USD 78.01 billion in 2013 to USD 28.19 billion in 2022.**

In the African context, this is a major decline. In this connection, I look forward to your meeting coming up with suggestions on how to redress this.

As a continent, we are coming up with measures to enhance export diversification and growth as well as industrialization. The industrialization drive is driven by the development of regional and continental value chains.

At this stage, let me point out that US business has a grand opportunity to benefit from the market space offered by the African Continental Free Trade Area.

As I do this, let me also stress that many people do not understand that the best way of taking advantage of this market with huge potential for growth is to invest and trade duty free across Africa.

The African Continental Free Trade Area operates in a setting where each State Party to the enabling agreement maintains national external tariffs.

With national external tariffs still in place, exporting into this market will generate tariff charges and reduced earnings, hence my counsel that to thrive in the African Continental Free Trade Area market, one must invest there.

It is only when we transform this market into an African Customs Union that we shall have a common external tariff. At that stage, Africa will be in a position to enter free trade agreements with trading partners. When this is the situation, it will be possible for companies to export duty free from their home bases into the African customs union.

As we position ourselves to develop USA-Africa trade and investment relations, I am happy to see that there are evolving engagements among the US Chamber of Commerce; US Trade Hubs; and, the Corporate Council on Africa on one hand; and, on the other hand, the African Business Council and Chambers of Commerce in African Regional Economic Communities.

Through these engagements, and I am certain about this, strategic alliances will emerge between African and US businesses.

I can give one example of an emerging strategic alliance between a US businessman and Tanzanian business in cashew nut processing. The two have set up a joint company in Tanzania to export processed cashew nuts to the US. As we are talking, 14 tons are on their way to the US.

With a view to growing their export business, the two came to see me not too long ago in Addis Ababa, Ethiopia, to introduce them to African business houses across Africa that would like to cluster with them to increase the export of cashew nuts and other agro-processed products into the US.

We are working on their request and we are confident of positive responses.

I will conclude by re-emphasizing the point made by Ambassador Tai and is that that: Africa is the future. In business terms, it is a major consumption hub of the future.

The general population is young and increasing.

The African middle class is growing and with it, demand for industrial goods which is 1.5 times higher than the global average.

We are deepening one African market.

From these, the message to business is: to increase market share, invest and trade in Africa.

Help us to spread this message.

**I end here and thank you all for your kind attention.**