



African Growth and Opportunity Act

Trade can be a powerful tool for the reduction of poverty. But U.S. agriculture and trade policy has sometimes undermined African countries' efforts to take the first step out of poverty.

The African Growth and Opportunity Act (AGOA) offers tangible incentives for African countries to continue to open their economies and build free markets. The current AGOA is set to expire on September 30, 2015.

Since 1981, Bread has maintained a focus on African development. Bread helped to pass the first AGOA legislation in 2000 and has been actively involved in AGOA ever since.

AGOA remains the most important piece of legislation that defines trade relationships between the United States and sub-Saharan Africa.

AGOA allows almost all African products to be imported to the United States duty-free. The act has helped expand and diversify African exports to the United States. African countries must meet eligibility requirements to qualify for AGOA benefits, and currently 39 sub-Saharan countries qualify. These eligibility requirements have encouraged businesses in Africa to raise their standards.

The region's exports have increased more than four times since 2001 and totaled \$26.8 billion for 2013.¹ Bread is concerned only about a small portion of these AGOA exports, since about 86 percent of Africa's

exports are oil and gas.²

Nevertheless, AGOA's achievements illustrate its great potential to spur economic growth. Agriculture-led growth, which has the greatest impact on poverty, is still urgently



Photo courtesy of the Lutheran World Federation

The African Growth and Opportunity Act encourages African farmers to grow food for export to the United States. The increased income can help move them out of poverty.

needed. The food price crisis of 2007-2008, followed by the worldwide economic downturn, caused an increase in hunger and malnutrition and continued high poverty rates. An estimated 80 percent of Africa's hungry and poor people support themselves through agriculture.

According to the World Bank, 11 of the 20 fastest-growing economies are in Africa.³ So there is great potential in many parts of sub-Saharan Africa to expand businesses and thus provide more people with jobs and incomes.

While private-sector development is important, it cannot do it all. Other essential components of African development include: improved infrastructure, notably rural roads; agricultural research; and access to credit and other resources. Increased trade is important, but development aid will also continue to be needed. Bread for the World is also working with Congress and the administration on other government programs and initiatives that address poverty in Africa.



Stephen Padre/Bread for the World

Growing flowers for the retail market in Europe is a blooming business in Kenya. Here roses are being grown in a nursery in Naivasha. Bread for the World supports the continuation of the African Growth and Opportunity Act so African businesses can sell more of their goods in the United States.

Endnotes

¹ Office of the U.S. Trade Representative. <https://ustr.gov/countries-regions/africa#>

² *Ibid.*

³ Global Economic Prospects. The World Bank; January 2013. Available at http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1322593305595/8287139-1358278153255/GEP13AFinalFullReport_.pdf