

GAO Highlights

Highlights of [GAO-15-701](#), a report to congressional requesters

Why GAO Did This Study

AGOA was signed into law in 2000 to offer SSA countries trade preferences that stimulate export-led economic growth and facilitate their integration into the global economy. This legislation was recently reauthorized, and the accompanying Senate report stated that the United States should seek all opportunities to deepen and expand its ties with SSA countries through accession by SSA countries to the WTO and negotiation of bilateral trade agreements. GAO was asked to identify lessons learned from other countries' trade preference programs and SSA countries' recent trade negotiation experiences.

This report (1) compares AGOA with selected countries' trade preference programs in terms of key characteristics and performance, and (2) examines AGOA countries' participation in trade negotiations. GAO reviewed and analyzed documents and data, including information from the WTO to determine what portion of the imports from AGOA countries to major trade partners could enter under preference programs. GAO also interviewed officials from U.S. government agencies, African and other foreign governments, and international organizations. GAO selected countries and regions for comparison that are major export markets for sub-Saharan Africa, including the EU, China, India, and Japan.

What GAO Recommends

GAO is not making any recommendations in this report. Agencies' technical comments on GAO's draft were incorporated into this report.

View [GAO-15-701](#). For more information, contact Kimberly Gianopoulos at (202) 512-8612 or GianopoulosK@gao.gov.

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AFRICAN GROWTH AND OPPORTUNITY ACT

Insights from Other Countries' Preference Programs and Participation in Trade Negotiations

What GAO Found

The United States' African Growth and Opportunity Act (AGOA) has differences from and similarities to 26 trade preference programs offered by other developed and developing countries in three key areas that can affect program performance in increasing and diversifying trade.

- *Country eligibility.* AGOA is unique in that it focuses eligibility on sub-Saharan African (SSA) countries. Most other countries' trade preference programs do not restrict eligibility to SSA countries.
- *Product coverage.* AGOA and some other countries' trade preference programs provide fairly comprehensive coverage of products, but exclude some agricultural and other products that are important SSA exports.
- *Rules of origin.* Like other countries' trade preference programs, AGOA has rules of origin that determine which products qualify for coverage. Some countries, including the United States have recently made their rules of origin less restrictive, to make it easier for beneficiary countries to take greater advantage of these programs.

In 2014, the United States International Trade Commission reviewed studies comparing the performance of trade preference programs and found that the European Union's (EU) preference programs have had overall greater success in increasing trade with Africa and that AGOA had more success in increasing diversification in the range of products exported from Africa. Research on China's and India's trade preference programs suggests that their fairly new programs could have significant impacts on SSA trade and that they are among the biggest and fastest growing markets for sub-Saharan exports.

As the United States continues to pursue expanded trade and a more two-way trade relationship with African partners at the World Trade Organization (WTO) and elsewhere; SSA countries' recent participation in bilateral and multilateral trade negotiations provides insights that can inform future U.S. negotiations. For example, years of bilateral negotiations between SSA countries and the EU have recently resulted in Economic Partnership Agreements with 32 SSA countries. Trade experts and SSA and EU officials GAO spoke with provided information about these negotiations that indicates that transitioning from non-reciprocal trade preference programs, such as AGOA, to two-way trade agreements like the Economic Partnership Agreements with SSA countries may require:

- many years to finalize and implement,
- the establishment of timeframes to end access to trade preference programs,
- a willingness to consider limiting the initial scope of the agreements, and
- an acknowledgment that aspects of the agreements may have tradeoffs and could constrain SSA countries' ability to integrate into the global economy.

The involvement of SSA countries in recent multilateral negotiations at the WTO also yields important insights for U.S. agencies when negotiating with these countries. SSA and WTO officials told GAO that several impediments, such as inadequate funding and staffing, can hamper SSA countries' ability to participate fully in multilateral negotiations. However, recent bilateral and multinational funded training and other efforts have helped expand SSA country participation at the WTO.