ECA concludes a review of achievements and a forward-looking plan for 2024 and beyond

Looking forward to 2024, ECA through its various divisions will focus on areas of interventions that will ensure progress on the achievement of the two agendas such as inclusion of The African Continental Free Trade Area (AfCFTA) in the SDG country frameworks, conduct research analysis on issues of governance, peace and security and a deeper focus on sustainable development in Africa's transformation. Data and statistics will continue to play a central role as will the need for upscaling technologies and innovation.

“For an inclusive and sustainable development and a climate resilient continent, ECA will support countries implement initiatives that harness new technologies and innovation and work with member states on strengthening their capacity in production, dissemination and use of credible data, statistics and geospatial information," agreed the meeting.

In support of AfCFTA implementation, focus will be on strengthening regional cooperation and integration among school, through increasing trade flows, improved industrialization and increased investment.

ECA will also continue to provide advisory services to member states, facilitate collaboration and ensure coherence at regional, sub-regional and national levels through an integrated approach under all its research tracks that include strengthening macroeconomic policy, boosting the implementation of AfCFTA, enhancing resilience through climate action and energy just transition.

Among the many achievements discussed, it was highlighted that member states have used ECA’s macroeconomic model in their development of national policy documents including national development plans, debt strategies, GEMDPs and other economic policies.

Countries are also using ECA’s tools and techniques for estimating fiscal capacity and public expenditure.

“If we collaborate with the other stakeholders, governments and the private sector focus on results and delivering as one, we can ensure that we shall achieve both Agendas,” said Gatete adding the need to increase peer-learning and best practices between member states to move together as a continent.

AGOA-AfCFTA Synergies to Strengthen African Trade Dynamics

The African Growth and Opportunity Act (AGOA) and the African Continental Free Trade Agreement (AfCFTA) stand as linchpins in Africa’s economic landscape, opening gateways to global trade and paving the way for increased intra-African and U.S.-African commerce. With AGOA extended for renewal in 2023, the prospect of leveraging this agreement alongside the burgeoning AfCFTA presents numerous borderless opportunities for Africa’s export markets.

AGOA Diversifies African Export Markets

Since its enactment in 2000, AGOA has been instrumental in promoting trade between the U.S. and eligible sub-Saharan African countries. Over the years, it has spurred economic growth, job creation, and facilitated access to diverse markets. However, its potential to revitalize Africa’s energy sector stands as a pivotal catalyst in the upcoming renewal.

On the oil and gas front, Africa has seen rapid growth in recent years owing to rising global and local demand, as well as efforts to industrialize Africa. An uptick in million-barrel discoveries and the launch of billion-dollar projects has seen renewed interest in investing in African energy, presenting new opportunities for American E&P firms.

The same can be said for the minerals sector. As U.S. demand for critical minerals grows, the African market is expected to become a priority investment destination. According to research firm S&P Global, U.S. demand for minerals such as copper, nickel and cobalt will be 30 times higher in 2035 than it was in 2021, with copper alone seeing a 12% increase.

With the renewal, AGOA is expected to play an instrumental part in delivering African energy and mineral resources to the U.S. market.

AfCFTA Bolsters Intra-African Trade

While AGOA supports U.S.-African trade, the AfCFTA lays the foundation for enhanced intra-African trade. In the energy sector, the AfCFTA offers newfound opportunities for cross-border trade and collaboration, and as new suppliers enter the market, it opens up the development of both new and offshore discoveries and the start of production at major projects - the AfCFTA is poised to play an even greater role in facilitating intra-African trade and commerce.

The United Nations shows that the AfCFTA could boost intra-African trade by 33%, reducing the continent's trade deficit by approximately 51%. Additionally, by simplifying trade terms, incentivizing cross-border business and promoting regional connections, the AfCFTA is expected to draw billions of dollars of foreign investment, transforming Africa’s energy and trade dynamics.

The AfCFTA-AfCFTA Synergy

Working hand in hand, AGOA and the AfCFTA could facilitate streamlined processes for intra-African trade in energy for strengthening U.S. investment in Africa. The synergy could address infrastructure gaps, improve logistical efficiency, and create a conducive environment for the movement of goods across borders. This result? Enhanced cooperation among African nations and with U.S. stakeholders, driving collective prosperity and energy security.

According to William Blackie, Standard Bank Group CEO Business and Commercial Clients: “The synergy between these two initiatives is seen in the fact that AGOA offers significant opportunities for African countries to diversify their export markets, while AfCFTA enables African nations to reduce their dependence on traditional trade partners.” Blackie believes that, "To get the best of both worlds, African businesses should, therefore, be simultaneously exploring both agreements and maximizing their export opportunities.”

There has already been some success in this arena. The Lobo Corridor, for instance, is a strategic project linking the Democratic Republic of the Congo and Zambia to international markets via Angola’s Lobito Port. The project leverages the AfCFTA to facilitate regional trade and cooperation. Recently, the U.S. and the European Union to support its development, combining financial resources and technical know-how to generate economic benefits. Through AGOA, the project will benefit from increased foreign investment, while the U.S. can tap into African mineral wealth.

As the world pivots towards sustainable energy sources, the synergy between AGOA and AfCFTA become even more profound. ECA’s mandate to create a single market for goods and services within Africa complements AGOA’s objective of enhancing trade and strengthening regional economic integration in the process.