

BEYOND THE AGOA FORUM, WILL THE POOR NOW BENEFIT?

Last week, Zambia successfully hosted the 10th African Growth and Opportunity Act (AGOA) forum under the central theme, 'Enhanced Trade through Increased Competitiveness, Value Addition and Deeper Regional Integration'. Among other objectives, AGOA aims to enhance trade between the United States of America (USA) and sub-Saharan Africa (SSA).

Prior to the forum, concerns were raised by the Jesuit Centre for Theological Reflection (*JCTR*) in an article on the minimal export volumes from Zambia to the United States indicating that the country has not taken full advantage of the AGOA initiative. Specifically, Zambia's export volumes to the United States have been dismally low compared to other AGOA eligible member countries. Between 2008 and 2010 for example, Zambia only managed to export US\$11.2 million worth of goods while Malawi and Lesotho exported US\$212.1 million and US\$557.4 million respectively during the same period.

What was encouraging during the forum was the sharing of challenges and success stories by various African countries benefiting from AGOA. In the case of Zambia, it is commendable that by the end of the forum, tangible results such as the signing of the transaction agreements were recorded. One important one, which *JCTR* hopes will mainly benefit the small producers, is the agreement signed between the Zambia Honey Council (ZHC) and a US company, Mann Lake Limited for the provision of state-of-the-art equipment for honey processing in the country.

As we move forward, it is imperative to ensure most small producers, including women, benefit from the AGOA process. It was therefore encouraging that the US Secretary of State Hillary Clinton in her closing remarks called for equal opportunities for women in business in Africa. "As women are more vulnerable to poverty, it is important to involve them in more productive processes so they benefit from such initiatives", says *JCTR*.

Furthermore, it is hoped that lessons learnt from other countries during the AGOA forum can be adopted and adapted within Zambia to help deal with bottle necks faced such as, accessing finances, investing in research and development, as well as technological advancement coupled with the presence of market information asymmetry. For instance, Kenya has innovatively established a fund for small and medium entrepreneurs to access at low interest.

According to the *JCTR*, eliminating these challenges and taking advantage of the opportunity through increased partnerships between large and small producers should enhance benefits within the country. Emphasis should also be on value addition and quality control to capture a bigger market. Such strategies are likely to lead to longer term positive effects such as employment creation and subsequently increase income to enable most Zambians meet household basic needs.

The *JCTR* Lusaka *Basic Needs Basket (BNB)* for an average family of six in May was at K2,917,350 from an average of K3,003,550 in April 2011. The *BNB* is a tool that measures the average cost of basic food and essential non-food items in Lusaka and eleven other towns across the country. The reduction in the May *BNB* was mainly influenced by a drop in prices of commodities such as Mealie Meal, Kapenta, Dry Fish, Meat and Vegetables. A 25Kg bag of breakfast Mealie Meal reduced by an average of K3,400 from K49,600 in April to K46,200 in May. While commodities such as sugar, milk and onion recorded an upward adjustment, the average cost of basic food alone reduced from K957,550 to K804,350. Unlike the basic food commodities, essential non-food commodities showed an upward trend from K2,046,000 to K2,113,000 during the same period. Essential non-food on the *JCTR's BNB* include items such as charcoal, electricity, housing, soap, etc.,

The *JCTR* reiterates its' call for stronger linkages between the small and large producers to maximise on economies of scale and facilitate entry into the US market. Undoubtedly, there is need to revisit Zambia's AGOA strategy if what was promised by the Minister of Commerce Trade and Industry, Mr. Mutati, "that the AGOA benefits are in fact beyond the forum as there will be stronger partnerships between Zambia and other countries", is to come to pass. Beyond partnerships with other countries, it is critical to strengthen partnerships within the country and ensure small producers' contribution to the

exports is more significant. Essentially, the success of AGOA for Zambia should not only be measured by the increase in the export volumes but also, the contribution of the small and medium scale producers to the export.

[For more information, contact Social Conditions Programme of the JCTR, P. O. Box 37774, Lusaka, Zambia; tel: 260-211-290410; fax: 260-1-290759; e-mail: jctr@jesuits.org.zm; internet: www.jctr.org.zm