USAID Southern Africa Trade and Investment Hub

Boosting Opportunities to Trade and Invest

HUB HAPPENINGS NEWSLETTER – APRIL 2018

In This Issue

1. Swaziland Ramping Up for AGOA
2. Strengthening Global Trade Through Authorized Economic Operators
3. Organic Certification Awareness in Lusaka
4. Private Equity Opportunities Growing in Africa
5. Trade Hub Synergies with Messe Frankfurt

Swaziland Ramping Up for AGOA
The United States Government through the United States Agency for International Development’s (USAID) Southern Africa Trade and Investment Hub (the Hub) is assisting the Government of the Kingdom of Swaziland to develop a new African Growth and Opportunity Act (AGOA) Utilization Strategy to promote increased exports to the U.S and expand regional trade.

AGOA helps eligible nations diversify their exports by providing duty-free access to the U.S. market, creating jobs and fostering inclusive economic growth. Since AGOA was established, non-oil exports have increased almost 200 percent to $4.1 billion in 2015. This growth has spurred an estimated 300,000 direct jobs in beneficiary countries.

U.S. Ambassador to Swaziland Lisa J. Peterson emphasized that “The Swazi economy urgently needs both diversification and growth. AGOA can be an important part of a larger growth strategy. With the Trade Hub’s support, we can help Swaziland determine how it can best maximize its use of AGOA.”

As part of this ongoing partnership, USAID’s Southern Africa Trade and Investment Hub along with the Ministry of Commerce, Industry and Trade, the Swaziland Investment Promotion Agency (SIPA), and the Swaziland Revenue Authority (SRA), as well as a wide variety of private sector companies and civil society stakeholders, held a one-day "AGOA and Swaziland – A Way Forward" seminar attended by 80 people at the Happy Valley Hotel, Ezulwini, on Friday, 23 March.
The Hub attended the World Customs Organization’s Fourth Authorized Economic Operators (AEO) Conference held in Kampala, Uganda under the theme, “Promoting Mutual Recognition of AEOs to Strengthen and Secure Global Trade”. The conference was attended by customs administrations from all over the world, trade associations, and Hub Partners including: the Malawi Revenue Authority, Botswana Unified Revenue Services, Lesotho Revenue Authority, Swaziland Revenue Authority, Southern Africa Customs Union, Common Market for Eastern and Southern Africa, East African Community and the Gesellschaft für Internationale Zusammenarbeit (GIZ).

Presenters articulated benefits for AEO accredited companies and to economies of implementing countries which include subjecting accredited companies to green lane/fast lane, pre-arrival clearance, dedicated relationship managers hence quick problem solving and reduced documentation. These benefits result in reduced transaction costs, reduced transit time, increased turnaround and hence growth in the economy.

Mutual Recognition Agreements (MRAs) were discussed as critical to achieving effective and beneficial AEO Programs to the business community. The importance of MRAs and developing trust relationships across Customs Authorities was also discussed at length with presenters emphasizing the importance of standardizing accreditation criteria, increased information sharing, and regional cooperation.

The Hub is currently supporting the Malawi Revenue Authority (MRA) with the implementation of their AEO System.

---

**Organic Certification Awareness in Lusaka**
The Southern Africa Trade and Investment Hub continued its partnership with the U.S. based Midwest Organic and Sustainable Education Service (MOSES) by facilitating an Organic Certification Awareness seminar with the Zambia Ministry of Commerce Trade & Industry (MCTI) in Lusaka. The seminar provided an overview of the organic sector in Zambia as well as the U.S. organic market with a specific emphasis on organic compliance, processes, and certification.

Twenty-four participants from private sector companies, associations, and government departments attended the seminar. Seven workshop participants export to various markets in the U.S., South Africa, and Europe. These companies are KATC, Sylva Group, Lumuno Organics, Umoyo Natural, Kalahari Natural Oils, and Bee Sweet Honey Ltd (and Forest Fruits). Organic products with export potential in Zambia include honey, oats, soybeans, nuts (Bambara and groundnuts), mango (dried and frozen puree), moringa, avocados, okra, chilies, sweet potatoes, and yams.

The Hub-facilitated session raised important areas including the need for continuous awareness and support to meet international quality requirements and investment to improve capacity to produce economically viable volumes for the export market.

Private Equity Opportunities Growing in Africa
As part of its strategy to source and facilitate US$140 million in new private sector investments in the region, the Hub continues to track industry related reports that shed light on the changing market dynamics relevant to its “Life of Project” Goals. This includes monitoring the African Private Equity and Venture Capital Association’s (AVCA) Annual African Private Equity Data Tracker.

AVCA is a Pan-African industry body that promotes and enables private investments in Africa. It plays a significant role in educating, equipping, and connecting members and stakeholders with independent industry research, best practice training programs, and networking opportunities. Its broad-based membership includes private equity and venture capital firms, institutional investors, foundations and endowments, pension funds, international development finance institutions, professional service firms and others.

The Hub actively supports transactions at varying capacities in each of these sectors depending on transaction fit and alignment with Hub objectives and development indicators.
The Hub organized a visit with global conference leaders Messe Frankfurt to its sister project, the East Africa Trade and Investment Hub (EATIH) in Nairobi Kenya, to build support and participation for apparel, textile, and footwear company participation at Source Africa 2018 in Cape Town, South Africa. At the EATIH offices, Messe Frankfurt presented its strategic plan, elaborating on its increased marketing budget, market research, and restructuring of Source Africa to attract more visitors to the trade show. EATIH agreed to collaborate with Messe Frankfurt and ensure export-ready firms participate in this premier event.

The meetings also addressed intra-regional trade in textiles and apparel between Kenya and South Africa. The industry is of strategic importance in both countries in terms of employment generation and economic growth. In South Africa, the industry has extensive backward linkages with cotton, fiber, fabric, and trims producers, and forward linkages with spinners, weavers, and garment manufacturers. While bilateral relations between the two were normalized under the Kenya-South Africa Joint Commission of Cooperation (JCC), Kenya exports to South Africa face high tariffs and duties up to 40%, which inhibit market access and render merchandise exports from Kenya uncompetitive.

However, EATIH focus countries that are SADC Member States, namely Mauritius, Madagascar, and Tanzania enjoy duty-free access to South Africa as a result of the Free Trade Area in the region. Addressing trade diverting policies and related non-tariff barriers present an opportunity for further collaboration between the two Hubs.