Ross Outlines Trump’s Commercial Policy Toward Africa

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Last week in a speech to the U.S.-Africa Business Summit sponsored by the Corporate Council on Africa, Secretary of Commerce Wilbur Ross signaled that there would be continuity in U.S. commercial policy to Africa.

Ross struck a positive tone and noted that President Trump described Africa as a “place of opportunity” at the May G-7 meeting in Taormina, Italy. The secretary also noted that the strong growth in U.S. exports to Africa over a 15-year period, total trade is up over the same timeframe, and the U.S. trade deficit with Africa has declined. As he put it, the U.S. has to continue the transition from aid to trade in its relationship with Africa, an approach consistent with the Clinton, Bush, and Obama administrations. With key senior Africa positions still unfilled, especially at the State Department and the National Security Council, Ross’ remarks are a step forward in filling the gap on Trump’s Africa policy.Here were Ross’ key points:

- The African Growth and Opportunity Act (AGOA) continues to be the cornerstone of the U.S.-Africa commercial relationship. Ross did say that the Trump administration takes AGOA’s eligibility requirements “very seriously,” which may be a signal that the frequency of out-of-cycle reviews will increase. He said also that the administration will “vigorously protect” U.S. companies and workers, calling on African governments to help U.S. companies resolve obstacles and investment barriers.

- Though the secretary noted that bilateral trade agreements can be more effective than multilateral trade agreements, Ross made no commitment to increase the number of bilateral investments treaties (BITS) beyond the six the U.S. currently has with governments in sub-Saharan Africa. Nor did he make any reference to a post AGOA relationship with Africa or the need to move toward reciprocity in the trade relationship.

- Ross made a full-throated appeal for the full implementation of the WTO’s Trade Facilitation Agreement (TFA), which came into force in February. African countries are expected to benefit more than others from the implementation of the TFA, as trade costs in Africa are anticipated to fall on average more than 16 percent.

- Ross took a not-too-thinly veiled swipe at China’s practice of subsidizing products and bidding low to win procurement contracts. Low-cost procurement, he argued, has often been to Africa’s detriment and a deterrent to American firms entering African markets. At the same time, he noted that U.S. firms were actively pursuing 147 tenders valued at more than $44 billion.

- Finally, the secretary made two references to “our” Advisory Council on Africa. This appears to signal that the Commerce Department will continue the Obama-era presidential advisory committee on doing business in Africa, albeit under a different name. The continuity of the committee’s existence would be a welcome development, helping ensure continued private sector input into Trump’s commercial policy to the region.

Clearly, several themes were missing from the secretary’s remarks. There was no reference to regional integration, a trend critical to accelerating growth on the continent, creating larger markets, and attracting more U.S. investment and exports. The European Union’s Economic Partnership Agreements, which threaten to put U.S. goods and services at a significant commercial disadvantage across the region, also received no mention. Support for small and medium U.S. companies entering the African market was only mentioned in passing. There were no new U.S. initiatives proposed.

On balance, however, Ross reassured many in the U.S. and Africa who have been looking for an indication of the Trump administration’s commercial policy toward the continent.

ADESINA CHALLENGES THE U.S.

Indeed, Akinwumi Adesina, the president of the African Development Bank, seemed to signal as much in his remarks following the secretary. Adeptly playing to his American audience, Adesina started with a call to “let us be great together,” and noted that Africa offers investors “the deal of the century.”

The African Development Bank president, however, went on to challenge the Trump administration to shift from not just aid to trade but to investment as well. Adesina made the point, implicitly, that the U.S. is falling behind when it comes to its presence in the African market.

In sharp contrast to Ross’s positive rendering of U.S.-Africa commercial trends, Adesina noted that U.S. exports to Africa have declined from $38 billion in 2014 to $22 billion in 2016. Africa’s exports to the U.S. have declined even more sharply, according to Adesina, $113 billion in 2008 to $26.5 billion in 2015. And, as is well known, China is Africa’s largest trade partner, with $102 billion in exports in 2015.

To underscore his message, Adesina pointed out that Africa’s key partners have launched substantial initiatives toward Africa: Japan at $30 billion, China at $60 billion, and South Korea at $10 billion. India has also opened a $10 billion soft credit window.

The good news from last week’s U.S.-Africa Business Summit is that the Trump administration appears to understand the importance of the African market. As well, Ross was clear in his advocacy for U.S. business success on the continent. However, as Adesina made clear, there is commercial competition across the continent that will only get stronger.

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