

OBAMA ADMINISTRATION, CONGRESS AND AFRICA CELEBRATE 10-YEAR ANNIVERSARY OF AGOA

WASHINGTON, D.C., Wednesday, May 12, 2010 ó Ten years after the enactment of the African Growth and Opportunity Act (AGOA), a group of its original architects and supporters from Congress, the US government and the private sector, as well as members of the African diplomatic corps, met on Capitol Hill to celebrate its success in spurring economic development in Africa and to call for a recommitment to protect, extend and expand the landmark legislation.

“By opening the American market to almost all goods from beneficiary sub-Saharan African countries, AGOA has helped Africans use trade to fight poverty and grow their economies ó and AGOA is also good for US business,” said Ambassador Kirk, the United States Trade Representative, at the widely-attended ceremony.

Since AGOA was enacted in 2000, it has brought about \$300 billion in export earnings to Africa and created more than 300,000 jobs, mostly in the manufacturing sector. In addition, the AGOA era has seen a dramatic increase in US exports to Africa, from \$5.9 billion in 2001 to \$18.5 billion in 2008.

Ambassador Kirk; Rep. Sander Levin (D-MI), Chairman of the House Ways and Means Committee; former Chairman Charlie Rangel; Congressman Donald Payne (D-NJ), Chairman of the House Subcommittee on Africa and Global Health; and Congressman Ed Royce (R-CA) paid tribute to all those who had worked to draft and enact AGOA and to advocate for the three enhancements it has undergone over the past ten years. They particularly lauded Rosa Whitaker, President and CEO of The Whitaker Group, the premier consultancy group facilitating trade, investment and enterprise solutions in Africa. As Senior Trade Advisor to Congressman Charlie Rangel (D-NY), Ms. Whitaker was a chief architect of AGOA and is a co-chair of the AGOA Action Committee, which has led successful work to extend and improve the legislation. Several months ago she received a Congressional Resolution applauding her commitment to Africa over the years.

AGOA, which garnered strong bipartisan support when it was enacted, received praise from both sides of the political aisle. Former Ways and Means Chairman Bill Thomas urged the Obama Administration to strengthen and extend AGOA to beyond its current expiration date of 2015, and Congressman Royce (R-CA) called for a reduction in US agricultural subsidies, which render African agricultural exports uncompetitive in the US market.

Also speaking at the AGOA anniversary was His Excellency Ambassador David Mohlomi Rantekoa of Lesotho. He spoke of how AGOA had transformed Lesotho’s economy by enabling a huge expansion of the apparel sector, which currently employs 40,000 people, mostly women. “Thanks to AGOA, Lesotho was able to attract foreign investment into its small existing textile and apparel sectors, including a \$120 million denim fabric mill, further integrating Lesotho into the global marketplace,” he said. Thanks to AGOA, Lesotho’s exports of apparel increased from \$140 million in 2000 to nearly \$350 million in 2008, making the small Kingdom sub-Saharan Africa’s largest exporter of apparel.

Ambassador Rantekoa also outlined some of AGOA’s successes in other countries. Under AGOA, he said, South African exports of automotive and transportation equipment to the US have grown 1,100% from \$148 million in 2000 to \$1.9 billion in 2008; in Tanzania, coffee and tea exports have grown more than 500% to \$15.8 million in 2008; Kenya’s apparel industry has experienced a 700% increase in its exports to the US to \$250 million in 2008; and AGOA has helped Ethiopia launch a cut-flower industry worth more than \$4 million in exports to AGOA in 2008.

Mr. Martin Trust, President of Brandot International Ltd., an investment firm specializing in creating joint venture partnerships with textile and apparel companies, spoke out on behalf of the US private sector, which would like to see an enhanced AGOA that would contain a provision giving a tax credit on the repatriation of profits by US companies with investments in Africa.

The ceremony was one in a series of recent events in Washington, DC celebrating a decade of success under AGOA. On April 26, the AGOA Action Committee, co-chaired by Rosa Whitaker, co-hosted a Leaders Forum to assess progress made under AGOA over the past decade, and to introduce a new policy proposal, entitled *Enterprise for Development*. The proposal, presented to the Obama Administration, calls for the continuation of AGOA’s exclusive duty-and quota-free access to the US market for African goods, as well as policies to strengthen and grow indigenous enterprises in Africa and measures that support job creation, export promotion and prosperity in both the US and Africa.

“Over the past decade, we have learned that AGOA should be just one tool ó albeit a critical one - in America’s arsenal to support Africa as it grows its own prosperity. We have learned that what Africa needs from the United States is a concerted, multifaceted trade and investment policy that brings together the trade preferences of AGOA with trade capacity building, strategic development assistance and incentives to spur greater foreign direct investment by U.S.

businesses in Africa," Ms. Whitaker said.

She issued an impassioned call to action and warned that if current trade preference reform proposals in the US Congress to extend AGOA benefits of duty and quota-free access to the US market to all Least Developed Countries (LDCs), including hyper-competitive Asian nations, it would have catastrophic consequences for Africa, particularly to its nascent apparel exporting sector.

Also speaking at the Leaders Forum, which was attended by African Ministers of Finance and Ambassadors, as well as other AGOA stakeholders and business and policy leaders, were the Honorable Mr. Timothy Thahane, Minister of Finance and Development Planning for the Kingdom of Lesotho, and renowned development economist Dr. Paul Collier, Director of the Center for the Study of African Economies at Oxford University.

Minister Thahane warned that if major apparel exporters like Bangladesh and Cambodia receive AGOA-like benefits, Africa's apparel sector would be devastated. "AGOA has demonstrated that if we have the market opportunities, Africa can respond, it can produce, it can deliver. Give us a break and we can deliver," he said. "African governments are trying to reach larger markets through regional integration, but we have to have the infrastructure and we also need the skills. The entry point has been AGOA and let us not dilute it, let us expand it and make it global."

Dr. Collier described AGOA as so successful that it should be replicated by the European Union and Japan. "There is a real opportunity for AGOA to go global. If we had a Super AGOA that included Europe and Japan, it would make life so much easier for Africa," he said, describing the trade preferences offered by AGOA as the "pump priming mechanisms" that are helping African nations to break into manufacturing and the global market.

AGOA's tenth anniversary comes at a pivotal time as Congress and Africa advocates worldwide seek a "way forward" on US Africa trade policy. The expiration of two major US trade preference programs, the Generalized System of Preferences (GSP) and the Andean Trade Preference Act (ATPA), at the end of 2010 has prompted broader discussions on more expansive reforms to US trade preference programs, including AGOA. Congress is also considering major reforms to US foreign assistance programs. Given this unique opportunity, the AGOA Action Committee has urged Congress and the Obama Administration to pursue a multi-dimensional policy platform that will create jobs in America and Africa and fundamentally change and strengthen US-Africa economic relations. Greater economic development in Africa will create a more attractive and lucrative environment for American firms investing abroad, and greater interdependence and rising prosperity will improve conditions for all.

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