AGOA'S ARCHITECTS UNVEIL NEW AFRICA ECONOMIC POLICY FOR OBAMA ADMINISTRATION

WASHINGTON, DC, Monday, April 26th, 2010 -- Ten years after the enactment of the African Growth and Opportunity Act (AGOA), a coalition of its original architects and supporters on Monday unveiled a comprehensive new trade and economic policy to be presented to the Obama Administration that would build on AGOA's successes and expand the growing trade relationship between Africa and the United States.

The new policy proposal, entitled *Enterprise for Development: A New Policy Approach Toward Africa*, 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.

At an AGOA Leaders Forum in Washington, DC, hosted by a coalition of AGOA's US supporters, and attended by African Ministers of Finance and Ambassadors, as well as other AGOA stakeholders and business and policy leaders, Ms. Rosa Whitaker, chair of the AGOA Action Committee and President and CEO of The Whitaker Group, the premier US trade consultancy facilitating trade between the US and Africa, hailed the success of AGOA over the past decade in creating more than 300,000 jobs in Africa and bringing about $300 billion in export earnings and nearly $30 billion in non-oil exports to Africa at a minimal cost to US taxpayers.

"Over the past decade, we have learned that AGOA should be just one tool – 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," she said.

Ms. Whitaker issued an impassioned call to action and warned that if current proposals in the US Congress to extend AGOA benefits – 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 the nascent apparel exporting sector.

Also speaking at the Forum 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 for the Study of African Economics at Oxford University.

"In Lesotho, 10 years ago over 150,000 men were working in South African mines, having left women, children and old people in Lesotho. They had to scrape a livelihood from the land. The government could not develop a viable agricultural sector with only women and old people," Minister Thahane said. "Then came AGOA. In 2000, the small apparel sector employed only 10,000 women. Between that time and last year when the financial crisis hit, over 50,000 women had found work in the industry. The employment provided by AGOA has made a difference in the lives of Lesotho's women and children."

Mr. Thahane emphasized that Africans are not saying that the US Congress should not grant special trade preferences to LDCs in Asia, but that legislators should provide preferences that would help struggling sectors in those countries, rather than benefit sectors that are already successful. “Preferences for Bangladesh and Cambodia should not be at the expense of sub-Saharan Africa,” he said.

Even without duty-free and quota-free access to the US market, Bangladesh and Cambodia export over $5 billion in apparel each year to the United States – more than five times the total of all clothing exported to the US by all 48 SSA countries combined.

The minister also pointed out that unlike Bangladesh and Cambodia, both of which have agricultural resources, resource-poor Lesotho, Africa’s top apparel exporter, has few other alternatives. “Extending preferences to these countries might kill that industry that started in Lesotho 10 years ago,” he said. “Let us look at AGOA in an open and strategic manner. There are people [in Africa] who have been making a living out of access to the US.”

“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,” Mr. Thahane added. “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.

“We know where trade preferences should go, and where they should be kept out,” he said. “If we give them to one huge manufacturer [like Bangladesh], it would cut out all the little manufacturers. These big manufacturers must be kept out because they are not entrants into manufacturing. Bangladesh doesn’t need privileged access. There are many ways to help Bangladesh because it is still poor but [giving preferential trade access to its apparel sector] is not the way to do it.”

Proposals contained in the new *Enterprise for Development* policy initiative include:

- Making AGOA permanent and exclusive to Africa and expanding duty- and quota-free access to more African products.
- Extending tax incentives and credits for US investors in Africa, and supporting regional integration through AGOA.
- Developing an effective plan to work with African nations to revitalize the region’s agricultural sector, support local processing and value-addition for Africa’s agricultural products, support increased sourcing of African agricultural products from initiatives such as the World Food Program and support technology transfers, technical assistance and assistance to African agricultural exporters to meet US sanitary and phyto-sanitary

requirements, and boost overall US support for a Green Revolution in African agriculture.

- Reform the US foreign aid program to focus more on trade capacity-building initiatives, extending loans to African businesses in the same way that the Marshall Plan rebuilt Europe's business sector following World War Two, and supporting regional development and energy and infrastructure development in Africa.
- Expanding and reforming the Millennium Challenge Corporation (MCC) so that it focuses its resources on building African energy and transportation sectors and gives top priority bidding to US and African companies and procurement projects.
- Increasing financing for US exports to Africa through the US Export-Import Bank.
- Increasing support to the Overseas Private Investment Corporation (OPIC) to enable it to support African equity and infrastructure funds, increase assistance to small- and medium-sized companies in Africa, and more funding for the African Technical Assistance Initiative.

For more information on *Enterprise for Development: A New US Policy Approach Toward Africa* please contact Patrick Costello at patrick@thewhitakergroup.us.

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