



Africa Growth and Opportunity Act (AGOA) CIVIL SOCIETY NETWORK



NEWSLETTER

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Building Relationships to Expand the Reach of AGOA in Africa and the US

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Network Member Notes:

- **The Website is up!** We are continually putting up information for members and friends to view as well as information about member events and other relevant information. Feel free to contribute! If you are a member **interested in mirroring the AGOA Civil Society Network website in Africa** for African civil society groups on the ground, email: agoacsonet@democracy-africa.org
- **Do you have an AGOA success story?** The AGOA Civil Society Network Secretariat is working with the **AGOA III Action Committee** to ensure that the successful application of AGOA is recognized on Capitol Hill. Send a description of the successful story of you or someone that you know (especially those of small businesses that have grown with help from provisions found in the bill) along with your contact information, and we will work to ensure that key policy makers hear your story. Email - agoacsonet@democracy-africa.org

AGOA Civil Society Network Testimony for Hearing on AGOA III

The following is testimony that was submitted for the record of the Hearing on AGOA III before the US House Subcommittee on Trade of the Ways and Means Committee, US House of Representatives—

Mr. Chairman, Congressman Levin and Members of the Subcommittee, The AGOA Civil Society Network is pleased to provide this written testimony to stress the significance of the AGOA Acceleration Act to our organization and the people of Africa and the United States.

The Africa Growth and Opportunity Act (AGOA) Civil Society Network – a consortium of civil society groups and private sector representatives from the US and Africa – are happy to see the AGOA Acceleration Act's introduction into the House and look forward to it's speedy progress within Congress. The AGOA Acceleration Act contains a number of provisions that members of the AGOA Civil Society Network believe are important to the advancement and continued success of AGOA.

We hope that under the provisions of the AGOA Acceleration Act, the following will be possible and encouraged during implementation:

- The three major sectors –

civil society, government and private sector - will fully participate in the AGOA process with an eye towards enabling African businesses to meet international standards and become more competitive in the global market.

- Good corporate governance and an investment in human resources development will be promoted to ensure that trade benefits are properly diffused throughout African societies.

- In order to ensure equitable trading opportunities for Africa, the United States, European Union and Japan will collectively eliminate subsidies and quotas and all forms of trade protection and allow the laws of comparative advantage in a free market system to create a level playing field that can allow for African participation.

- Under the established inter-agency trade advisory committee, participating US institutions will collaborate with and support African-led civic organizations that promote AGOA's goals and objectives. In turn, civil society groups will support the trade advisory committee's efforts and AGOA implementation through advocacy, capacity building and technical assistance for Africans in need on the ground.

- The development of infrastructure projects that increase

trade capacity through ecotourism will enable African countries to look beyond petroleum in their quest for development. As a result of this expansion, more direct flights and direct sea routes between Africa and the US will be established to facilitate and ease the process of bilateral trade activity. Efforts at the local level including the one led by Miami-Dade county through the International Sister Seaport and International Sister Airport programs will be engaged in the AGOA process and called upon in executing programs and disseminating information about national and international trade efforts.

- Civil society will be engaged by United States government agencies in monitoring AGOA eligibility and compliance, as well as tracking the impact of trade on the masses of people of Africa and the US. This should be done in collaboration with centers of excellence in Africa to increase African participation and develop an objective, African point of view regarding US-African trade, intra-African trade and it's link to poverty reduction. Collaboration with US institutions, particularly civil society organizations, in this effort will ensure that redundancies are avoided for the greatest amount of impact.

AGOA Day on the Hill—African and US Political Leaders, Faith-Based Groups along with Civil Society and Private Sector Organizations gathered on Capitol Hill to show their support for AGOA III

On Wednesday, April 28, 2004 leaders of civil society and faith-based organizations, high level African governmental officials including the Prime Minister of Swaziland and the Trade Ministers of Lesotho and Mauritius, Members of US Congress, business leaders and other friends of Africa

including Jack Kemp, Empower America, gathered on Capitol Hill for a breakfast and reception celebrating the success of AGOA and emphasizing the need to pass the third round of AGOA revisions through Congress as soon as possible. The AGOA Day activities rallied a substantial amount of sup-

port with Washington, DC Mayor Anthony Williams declaring April 28, 2004 officially AGOA Day.

During the Breakfast which took place on the House side of the US Capitol, the African leaders presented details on the important role that AGOA has played in their country economies and

“Three major sectors - civil society, government and private sector - will fully participate in the AGOA process ”

AGOA Day on Capitol Hill

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stressed the importance of officially extending third country fabric provisions as soon as possible. According to Trade Minister Mpho Malie of Lesotho, AGOA has been key in bringing USD\$200 million worth of foreign direct investment to his country, and with the uncertainty over the extension of third country fabric provisions, USD\$40 million worth of orders have already been canceled. Honorable Malie also expressed his belief that AGOA is an "act of hope" for Africa. With the extension of third country fabric provisions, he noted, Africa will be in a stronger position to develop other sectors and sustainably grow

its economies. The fact that AGOA III addresses Cancun issues such as agriculture, along with HIV/AIDS and NEPAD objectives, are all examples that AGOA III is a worthy bill for timely passing.

Honorable Ed Royce, Chair, Subcommittee on Africa, US House of Representatives also expressed his belief that AGOA has been an important piece of legislation that has encouraged and facilitated dialogue between the US and Africa. He also voiced his belief that AGOA should be extended so that this dialogue can continue and Africa can continue to move forward and build more infrastructure so that more industries can benefit.

The International Trade Minister of Mauritius who also serves as Chairperson of the African Trade Ministers Conference and Spokesperson for the African Union, Honorable Jayakrishna Cuttaree, also noted that in Mauritius 12,000 jobs have been lost as investors look to China for sourcing with the upcoming third country fabric cut-off.

Speaking on behalf of Africa and the faith-based community, Archbishop Nicolas Duncan Williams shared his hope that AGOA would last for a long time and that the trade relationship between the US and Africa would continue to flourish.

The reception which took place

on the Senate side during the evening also featured notable friends of Africa including Senate staffers, Africare President Julius Coles, Bread for the World President David Beckman, former president of Africare and current Senior Advisor of the AllAfrica Foundation, C. Payne Lucas, H.E. Nzibo, Kenyan Ambassador to the US among others who expressed their keen interest in seeing AGOA continue to create success stories for the peoples of Africa. A major sentiment of the evening was that since the impact of AGOA is so little to the US economy and so great to the African economies, there is little reason for the bill to face major challenges to a swift and timely passage.

Excerpt from the Second AGOA Civil Society Session Report—

Remarks of Mr. Paul Brenton, Senior Economist, International Trade Department, The World Bank

It is the belief of the AGOA Civil Society Network that Mr. Brenton's findings illustrate the urgent need to extend AGOA so that African countries are able to fully take advantage of the bill's benefits. Email agocasonet@democracy-africa.org for information on how you can help to speed up the passing of AGOA III in US Congress.

I want to clarify the impact of AGOA in terms of the number of products that are liberalized; what AGOA does in terms of trade and the products it affects. A key factor is that the impact differs between its effects for the non-LDCs in Africa and the LDCs. For example, if you look at agriculture and compare its effects to manufacturing, you can see that there's very little impact for the least developed countries. AGOA liberalizes trade in 26 products and there are actually over 1800 agricultural products. For non-LDCs the impact is much greater - AGOA adds about 1/3 of all the agricultural tariff lines - so that is about 626 lines. The reason is that those products have already been liberalized under the GSP for the Least Developed Countries, but in terms of additionality - AGOA doesn't add that much for the LDCs. There still remains a significant number of products that have not been liberalized and AGOA countries still have to pay the full duty, and these cover a full range of

products such as meat, dairy, etc; and particularly important - prepared foodstuff. If we're talking about moving up the value chain, these are the products where we expect some diversification. One thing that could fuel diversification is that the excluded products have very high duties so that the margins of preference are very large. The average US duty on products covered by the GSP is 3 1/2%; the average duty on the additional products which are covered by AGOA is 6.7% and; the average duty on excluded products is over 30% - so these are really the high tariff products which are being excluded.

It's a similar story in manufacturing, but here the key distinction is between those countries that get the apparel benefits and those which do not, and - again - those that are not eligible for apparel - the main impact is on the non-LDCs. Only a small number of additional tariff lines are liberalized for the LDCs, whereas for the non-LDCs a much greater impact in terms of the number of lines that are covered. There are a significant number of lines that are excluded from preferences, and the key sector there is textiles. Textiles are effectively excluded from AGOA benefits. In manufacturing, apparel

is crucial. Everything in AGOA is driven by apparel. We find that again in manufacturing the excluded products have relatively high duties. The average duty on GSP is 3.8%; AGOA is 6.1% but crucially on apparel there's a very large margin of preference around 12% and; for excluded products it's still quite high at 10%. So there could be significant margins of preference and incentives for diversifying into those products

The trade impact of AGOA depends on firstly the importance of those products that are subject to AGOA preferences in total exports. If countries are exporting products where the duty is already zero, then there is very little impact. The key issue there is diversification. A second issue is the utilization of preferences. If a country has a preference but it's not utilizing it, the value of AGOA is being reduced. There is a wide range of rates of utilization across countries, and that is something that needs to be understood - why some countries are utilizing preferences more than others. The other key issue is the margin of preferences, or to what extent the tariff has been avoided or how high is that tariff that's been avoided, but also what are the costs incurred to get those preferences. This relates back to

the rules of origin - that firms have to provide evidence that a product is produced domestically or that it satisfies the relevant rule to determine the nationality of a product, but that incurs costs - documentation costs, computer costs, etc. and those costs reduce the value of the product. So there's the issue of trying to minimize those costs.

And finally, for those countries that are not exporting products where there's a preference, the key issue is how to diversify into a broader range of products. The key thing I want to clarify is that the least developed countries that are not eligible for apparel benefits have no exports coming into the US under AGOA. So AGOA is actually having no impact on those countries at the moment. Of course, these are still very early days - this is as of the date of 2002. Least developed countries that do receive apparel benefits receive a much greater proportion of exports to the US under AGOA, and that's almost entirely because of apparel. The amount of tariff revenue lost in comparison to preference under AGOA reveal that those countries which receive apparel benefits accrue much more value from AGOA

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US-Africa Updates

US Government Update—

USAID/Uganda's Economic Growth Office is holding a one and half-day **workshop** for stakeholders in the delivery of rural finance services **the week of May 17, 2004 from 9am-5pm.** The Uganda donor community's work in the area of financial services includes initiatives that respond to the demands of rural development activities in the health, education, micro and small enterprise, services and local government sectors. Workshop agenda: (1) Learn about and share options to deliver rural finance services in Uganda, and (2) Discuss and agree on a vision to support the delivery of rural finance services in Uganda. Stakeholders in-



terested in participating in this workshop should contact USAID/Uganda by close of business Thursday, May 13, 2004. **Contact:** Jeffrey Levine, Private Sector Officer, USAID/Uganda, Tel: 256.31.398387 Fax: 256.31.387292 <http://www.usaid.or.ug>

From Congressman McDermott's AGOA Website (www.house.gov/mcdermott/agoa)—**The House International Relations Committee** will hold a hearing on AGOA III on Tuesday, May 11 2004. More information is available on the House International Relations Committee's website: http://www.house.gov/international_relations/afhear108.htm#Hearings/Meetings%20of%20108th%20Congress

It is expected that the full U.S. House of Representatives will consider HR 4103 within one to two weeks.

Civil Society News—

Following up on the presentation provided by Paul Brenton of The World Bank International Trade Department during the AGOA Civil Society Session of the Third AGOA Forum last December, there is a full report available regarding the progress of AGOA at <http://econ.worldbank.org/view.php?type=5&id=34737>. Mr. Brenton's presentation during the Second AGOA Civil Society Session is available in the AGOA Civil Society Session Report. Email agoasonet@democracy-africa.org for details on how to obtain a copy.

The seventh annual **AfrICANDO** Trade and Investment Symposium themed "Effective and Efficient Use of Agricultural Science, Technology and Research as a Tool for Development in Africa" and taking place **September 16-18, 2004** will bring together African and US agricultural businesses, educators, trade and investment experts, government ad-

ministrators and representatives from international organizations to discuss technology based approaches and strategies to advance African agriculture.

Advancing agriculture as an engine of development is an underlining objective of this **AfrICANDO** symposium. As a result of this conference, it is our hope that US food processing companies, farm related technology vendors ranging from fertilizer companies to irradiation/pasteurization companies will envision the advantages of doing business in Africa and identify new market opportunities for their organizations to participate in Africa's development.

For more information on the upcoming conference and anniversary celebrations, email: africando@democracy-africa.org



Civil Society plays a key role in helping Senegal Reach Its Millennium Development Goals

The following is an excerpt from United Nations publication, *Africa Recovery*, Vol.18 No. 1—

One factor that favours Senegal's Millennium Development Goal (MDG) effort is the existence of an active and organized civil society, says Ms. [Vore Gana] Seck [executive director] of Green Senegal. "Many times civil society organizations in some countries are looked upon as trouble makers. But here in Senegal that is not true. Here we play a role of watchdog, but we're also involved with government and are viewed as working in partnership with the government to achieve common goals."

Ms. Seck thinks that the MDG campaign is "a worthwhile effort. It's necessary to begin with a vision." The goals can be achieved, she believes, although the deadline of 2015 "is just a bit

too rigid". And, said Ms. Seck and others, more still needs to be done to better involve civil society groups in the Millennium effort. In [Millennium Development Project Director/MDG Special Advisor to UN Secretary General Kofi Annan] Prof. [Jeffrey] Sach's meeting with NGOs, participants noted that there were no farmers groups present and urged more direct representation from agricultural associations in future meetings on the MDGs.

Women also are a key constituency. On 8 March 2003, International Women's Day, Ms. Seck's group organized a day-long conference around the theme "Millennium Development Goals and Women" in order to raise awareness. The workshops were conducted in Wolof, the main indigenous lan-

guage spoken in the country.

"Prior to this workshop," Ms. Seck reported, "most of the participants had no idea about MDGs. We wanted to sensitize women to this topic and also discuss how it's tied to issues they are already familiar with and working on, such as HIV/AIDS and reducing poverty."

According to Ms. Abibatou Ndiaye, national president of the Federation of Senegalese Women's Associations, which represents some 400 women's groups, there should be someone on the MDG Steering Committee "who is directly addressing women's issues".

Her group and others have already had some success in raising awareness about the importance of increasing school enrolment, especially for girls. The gap between girls and boys at the primary school level has been narrowed, Ms. Ndiaye told *Africa Recovery*, "but as you go higher

in the system, the number of girls gets fewer, especially in the rural zones." Therefore, she urges programmes to address the quality of education, reduce drop-out rates, deal with social and traditional practices and attitudes that make it hard for female students to stay in school, inadequate infrastructure (large class sizes, not enough toilets for girls), counseling and "teacher training that is gender-sensitive".

School costs also need to be addressed, Ms. Ndiaye says. The public school enrolment fee is CFA 5,000 per year (about \$10), a major sum for a family that typically has several children—and which does not include the cost of school supplies. "If they are serious," she says, "then it's necessary to provide the means for this MDG effort to succeed. The money must go to the grassroots community, and not just be used for seminars, cars and salaries."

World Bank findings on the progress of AGOA

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than those countries which do not receive benefits. For those countries without the benefits the gain from AGOA is very small. So the key issue is making sure more countries have access to apparel benefits and are able to

diversify into apparel if possible. It is important to determine how to deepen and broaden AGOA benefits, how to extend benefits to all and how to include all products and to identify why certain countries with preferences are not properly utilizing them. Crucial

from our perspective is the rules of origin on apparel and the special rule on time and coverage, and the US here can set an important precedent, which we can then use to hammer at the EU to liberalize their rules of origin because the EU rules of origin on clothing remain

restrictive. They still have the double transformation rule, which makes it very difficult for African countries to satisfy EU rules of origin and satisfy EU preferences on clothing. Thank you.

*The AGOA Civil Society Network
Website is nearly complete!*

**For a link to view the site and peruse the AGOA
Civil Society Network documents and relevant
AGOA/CSO resources, email
agoacsonet@democracy-africa.org**



Africa Growth and Opportunity Act (AGOA)
CIVIL SOCIETY NETWORK



In keeping with the spirit of the Africa Growth and Opportunity Act (AGOA), the mission of the AGOA Civil Society Network is to empower African people through their civil society organizations to work with governments and businesses to take maximum advantage of AGOA benefits on behalf of the citizens of their countries.

The Network will accomplish this mission through three means:

- Monitoring and compliance with AGOA eligibility requirements
- Providing technical assistance where feasible for public and private sectors on AGOA compliance and trade capacity
- Tracking the impact of AGOA specifically and trade generally on Africa societies

Ongoing and potential AGOA Civil Society network projects include: (1) Annual report on eligibility requirement compliance of AGOA nations and assessment of compliance by non-AGOA nations compiled by national network affiliates; (2) Ongoing training by network member NGOs on trade capacity for African and America businesses to support and expand AGOA trade by small and medium enterprises; (3) Ongoing training by network member NGOs on trade, economic, political and social policy issues for African governments to enhance AGOA eligibility and compliance; and (4) Annual report on the impact of trade on African societies that measures the impact beyond commercial statistics and offers recommendations on broadening the benefits of trade.

**Questions? Comments? Please contact:
The AGOA Civil Society Network Secretariat**

1612 K Street, Suite 1104 Washington, DC 20006 USA Phone: 202.331.1333 Fax: 202.331.8547
Email: agoacsonet@democracy-africa.org; Website: *click here to view website*