

AGOA Developments and Challenges

Mr. Paul Ryberg

African Coalition for Trade (ACT)

1054 31st Street, N.W., Suite 300

Washington, DC 20007

Telephone: 202-965-3444

Fax: 202-965-3445

Email: act@his.com

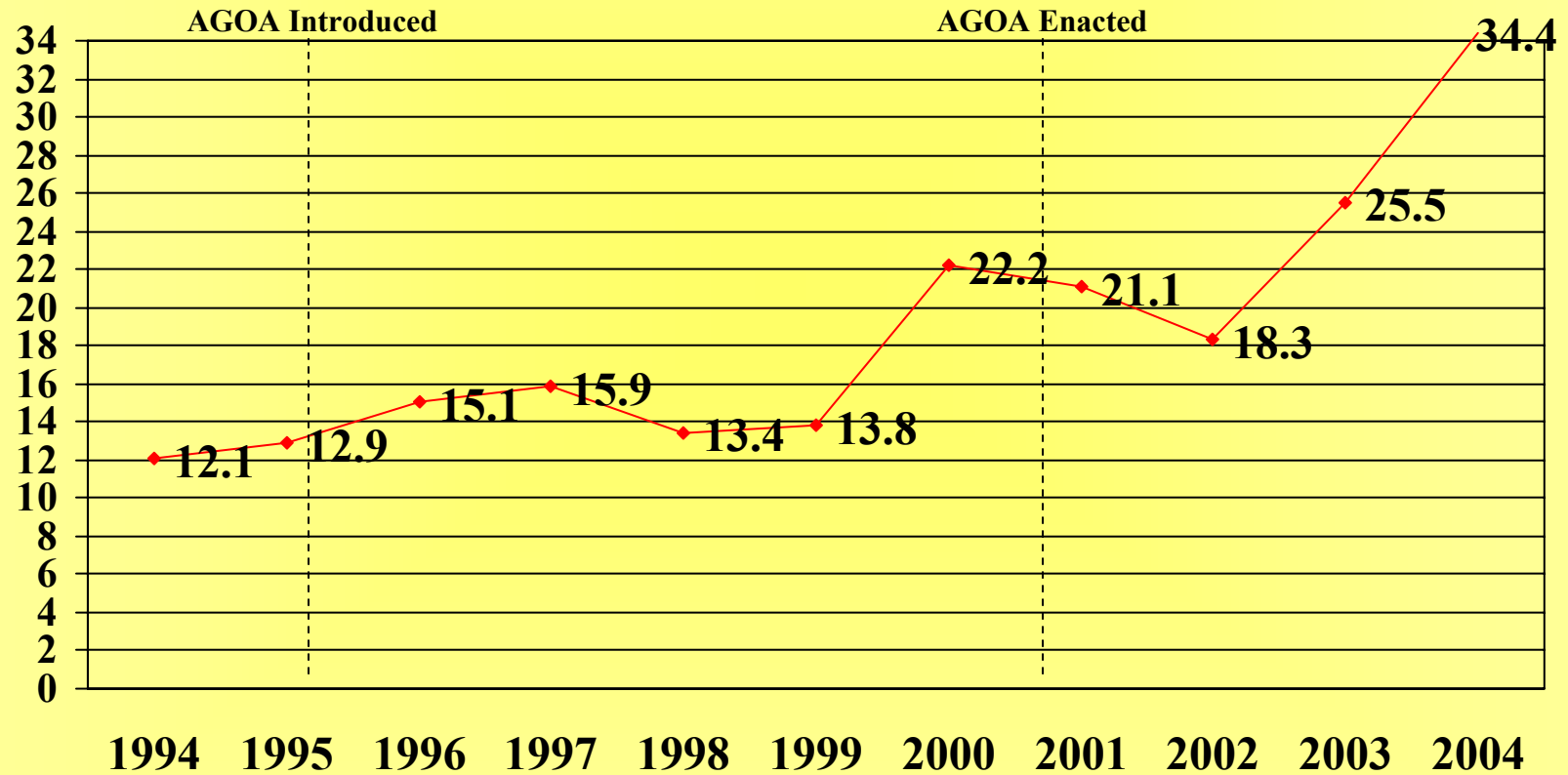
**AGOA extends to Africa
the most beneficial US trade
and investment program
available to any region of
the world.**

AGOA'S TREMENDOUS OPPORTUNITIES

- **APPAREL: QUOTA-FREE/DUTY-FREE ACCESS**
The most liberal access to U.S. apparel market
- **GSP: SPECIAL BENEFITS FOR AFRICA**
15-year extension
1,800 new duty-free products
6,000 total duty-free products
- **US-AFRICA TRADE AND ECONOMIC FORUM**
Permanent venue for new policy initiatives
- **FREE TRADE AGREEMENTS**
SACU FTA Negotiations

U.S. Imports from Africa

(\$ billion)



AGOA Imports by Product

2001-2004

(\$ million)

	2001	2004	% Change
Energy Products	\$14,271	\$26,299	84.3%
Minerals and Metals	\$3,082	\$4,344	40.9%
Textiles and Apparel	\$998	\$1,802	80.6%
Agricultural Products	\$836	\$1,149	37.4%
Chemical Products	\$660	\$716	8.5%
Transportation Equipment	\$399	\$651	63.2%
Machinery	\$263	\$196	<12.5%>
Forest Products	\$119	\$178	49.6%
Other	\$160	\$127	<20.6%>
Footwear	\$1	\$2	100.0%
Total	\$20,792	\$35,769	72.0%

**Growth in Non-Energy, AGOA Duty-Free Trade
2000 vs. 2004
(\$ million)**

<u>GSP Duty-Free Imports 2000</u>	<u>GSP/AGOA Duty-Free Imports 2004</u>	<u>% Growth 2000-2004</u>
\$944.15	\$3,505.52	271 %

Growing U.S. Apparel Imports from Sub-Saharan Africa

	U S I m p o r t s (m i l l i o n s q u a r e m e t e r s)	% I n c r e a s e
1 9 9 9	1 2 8 . 2 0 3	
2 0 0 0	1 6 4 . 1 6 1	2 8 %
2 0 0 1	2 1 8 . 4 1 7	3 3 %
2 0 0 2	2 7 7 . 2 3 2	2 7 %
2 0 0 3	3 9 8 . 8 0 6	4 4 %
2 0 0 4	4 4 0 . 1 8 4	<u>1 0 %</u>
1 9 9 9 - 2 0 0 4		2 4 3 %

2004 AGOA Apparel Imports (million square meters)

AGOA Duty Free Apparel Imports	Bots	Cape Verde	Ethi	Gha	Ken	Leso	Mada	Mala	Maur	Moz	Nam	SA	Swaz	Tanz	Ugan	Zam	Totals	% of Duty Free Import
Cut U.S. Fabric				8.976	0.042		0.033					0.001					9.052	2.2%
Uncut U.S. Fabric									0.059			0.519					0.578	0.1%
African Fabric					0.021				13.740			25.641	0.165	0.472		0.023	40.062	9.9%
Third Country Fabrics (LDCs)	5.684	1.079	1.812	0.200	71.522	108.996	67.983	7.476		0.236	17.753		60.528	0.322	1.477		344.798	85.1%
Short Supply Fabric			0.787						9.032			0.020		0.005			9.844	2.4%
Cashmere Sweaters							0.658		0.062								0.720	0.2%
Fine Merino Sweaters									0.005								0.005	0.1%
Folkloric																		0.0%
Total AGOA Duty-Free Imports	5.684	1.079	2.599	9.175	71.584	108.996	68.016	7.476	22.898	0.236	17.753	26.180	60.528	0.800	1.477	0.023	405.245	88.2%
Dutiable Apparel Imports	0.151	0.067	0.007	0.156	1.812	2.132	1.398	0.319	14.508	0.078	1.185	31.182	0.941	0.741	0.000	0.006	54.683	11.8%
Total Apparel Imports	5.835	1.146	2.606	9.331	73.396	111.128	69.414	7.795	37.406	0.314	18.938	57.362	61.469	1.541	1.477	0.029	459.187	100.0%

New Benefits Under AGOA III

1. Signed into law July 13, 2004.

2. Enhances existing AGOA benefits:

- Extends AGOA from 2008 to 2015.
- Extends LDCs' access to 3rd country fabric for 3 more years to 2007.
- Relaxes the apparel rules of origin for:
 - Collars, cuffs and other components,
 - Commingled fabric,
 - Short supply fabrics,
 - 10% de minimus exemption, and
 - Ethnic print fabrics.

3. Expands AGOA to Provide:

- Technical assistance and trade capacity building for agricultural products,
- Infrastructure and transportation development,
- Promotion for ecotourism.

Summary of AGOA III

1. AGOA's term is extended from 2008 to 2015
2. Instructs Customs and CITA to interpret AGOA broadly so as not to constrict trade opportunities.
3. LDCs' access to third-country fabric is extended for 3 years to 2007, with a 50% phase-out of the applicable TRQ during the third year.
4. Retains the basic AGOA rule of origin but makes technical corrections to allow:
 - use of third-country collars and cuffs, drawstrings, waist bands, elastic straps, shoulder pads and other padding, belts attached to trousers or shorts, and elbow patches;
 - commingling of U.S. and African fabric;
 - short supply fabric to be woven in Africa; and
 - partial assembly of garments in both the U.S. and Africa.

Summary of AGOA III (cont'd)

5. Retains the TRQ on apparel, bifurcated between (1) LDC apparel made from third-country fabric, which TRQ would increase to 2.3571% of total US apparel imports for the 2004-05 and 2005-06 TRQs and declining to 1.17855% for the 2006-07 TRQ; and (2) apparel made from regional fabric, which would increase to 7% by the 2007-08 TRQ and remain at that level through the 2014-15 TRQ.
6. Expands the folkloric provision to include ethnic print fabrics incorporating traditional designs but made using modern production techniques.
7. Treats yarns/fabrics from SACU countries as qualifying under AGOA even after the SACU FTA has become effective such that the SACU countries are no longer AGOA beneficiaries.
8. Extends retroactive duty-free treatment to apparel that entered the U.S. on or after 10-1-00 and that would have met the AGOA rules of origin as amended by AGOA III.

Summary of AGOA III (cont'd)

- 9.** Calls upon the U.S. Department of Agriculture (USDA) to conduct a study of ways to expand agricultural product imports from Africa.
- 10.** Increases the number of Animal and Plant Health Inspection Service (APHIS) officers in Africa to 20 (from the current 3) and calls upon APHIS to provide technical assistance (but without any funding) to help African farmers comply with U.S. sanitary and phytosanitary standards.
- 11.** Calls upon the Administration to study sectors in each AGOA beneficiary with greatest potential for growth and to develop policies to assist in the development of such sectors (but without any funding).
- 12.** Calls upon the Administration to develop policies to encourage infrastructure and transportation development in Africa (but without any funding).
- 13.** Calls upon the Administration to develop policies to assist in promoting ecotourism in Africa.

2004 MTB AGOA Amendments

1. Miscellaneous Tariff Bill (MTB) signed into law December 3, 2004.
2. Confirms that AGOA III's collars/cuffs amendment is retroactive and, therefore, eligible for duty refunds.
3. Grants Mauritius LDC status
 - a. For one year October 2004 - September 2005
 - b. Subject to a special sub-TRQ equal to 27 million sme.

Challenges for the Future of AGOA

1-1-2005 End of MFA

**9-30-2007 End of 3rd Country
Fabric Provision**

Future Diversify AGOA's Benefits

China Safeguard Petitions

Self-Initiated by CITA 4-4-05

<u>Product</u>	<u>Increased Imports from China</u> <u>1st Quarter 2005 vs. 1st Quarter 2004</u>
Category 338/339 Knit cotton shirts, blouses	+ 1,250%
Category 347/348 Cotton trousers	+ 1,500%
Category 352/652 Cotton and MMF underwear	+ 300%

China Safeguard Petitions

Filed by U.S. Textile Industry 4-6-05

<u>Product</u>	<u>Increased Imports from China</u> <u>1st Quarter 2005 vs. 1st Quarter 2004</u>
Category 340/640 Cotton and MMF non-knit shirts	+ 284%
Category 345/645 Cotton and MMF sweaters	+ 204%
Category 349/649 Cotton and MMF brassieres	+ 35%
Category 350/650 Cotton and MMF dressing gowns	+ 37%
Category 620 Synthetic Filament Fabric	+ 770%
Category 638/639 MMF Knit shirts	+ 331%
Category 647/648 MMF Trousers	+ 269%

2004 U.S. Imports of Safeguard Products from Africa

	Product	2004 US Imports (million sme)	% of Total U.S. Apparel Imports from Africa
338/339	Knit shirts	93.981	21.4%
340/640	Non-knit shirts	15.400	3.5%
345/645/646	Sweaters	4.095	0.9%
347/348	Trousers	171.379	38.9%
349/649	Brassieres	0.026	<0.1%
350/650	Dressing gowns	2.282	0.5%
352/652	Underwear	2.585	0.6%
620	Synthetic Filament Fabrics	1.182	0.3%
638/639	MMF Knit Shirts	36.686	8.3%
647/648	Trousers	<u>38.710</u>	<u>8.8%</u>
	Total	366.326	83.4%

1st Quarter 2005 Growth in Safeguard Product Imports from Africa vs. China

	<u>Product</u>	<u>Jan. – March 2004 Imports</u>		<u>Jan. – March 2005 Imports</u>		<u>% Change</u>	
		<u>China</u>	<u>Africa</u>	<u>China</u>	<u>Africa</u>	<u>China</u>	<u>Africa</u>
338/339	Knit Shirts	3.111	24.315	42.859	26.303	1278%	8%
340/640	Non-knit shirts	10.064	4.111	38.708	3.487	285%	-15%
345/645/646	Sweaters	4.153	0.091	11.806	0.628	184%	590%
347/348	Trousers	6.051	48.471	100.728	45.645	1565%	-6%
349/649	Brassieres	16.319	0.021	22.327	No data	37%	No data
350/650	Dressing gowns	37.662	1.149	52.246	0.049	39%	-96%
352/652	Underwear	14.887	0.883	59.912	1.342	302%	52%
620	Synthetic Filament Fabric	1.535	0.209	12.133	0.177	690%	-15%
638/639	MMF Knit Shirts	8.292	7.788	36.382	10.974	339%	41%
647/648	Trousers	9.169	10.840	34.279	10.398	274%	-4%
	Total	111.243	97.878	411.38	99.003	270%	1.1%

U.S. Textile and Apparel Imports from Africa and China

Country	January-March 2004	January-March 2005	% Change
Botswana	1.095	1.472	34.44%
Ghana	2.532	1.894	<25.19%>
Kenya	19.068	22.463	17.80%
Lesotho	27.589	29.110	5.51%
Madagascar	15.440	17.488	13.26%
Mauritius	11.186	9.486	<15.19%>
Nigeria	0.009	0.006	<33.33%>
South Africa	14.382	6.589	<54.19%>
Swaziland	15.727	17.237	9.60%
Tanzania	<u>0.245</u>	<u>0.461</u>	<u>88.16%</u>
Sub-Saharan Africa	116.376	115.693	<0.59%>
China	1,694.964	2,833.321	65%

U.S. Textile and Apparel Imports from Africa

Country	1st Quarter 2003	1st Quarter 2004	2003-2004 % Change	1st Quarter 2005	2004-2005 % Change	Change in Rate of Growth 2003-2005
Botswana	0.439	1.095	149.43%	1.472	34.43%	-77%
Ghana	1.1	2.532	130.18%	1.894	-25.20%	-155%
Kenya	13.116	19.068	45.38%	22.463	17.80%	-60%
Lesotho	24.773	27.589	11.37%	29.11	5.51%	-52%
Madagascar	6.259	15.44	146.68%	17.488	13.26%	-91%
Mauritius	14.516	11.186	-22.94%	9.486	-15.20%	+82%
South Africa	20.238	14.382	-28.94%	6.589	-54.19%	-87%
Swaziland	9.263	15.727	69.78%	17.237	9.60%	-86%
Tanzania	0.17	0.245	44.12%	0.461	88.16%	+99%
Africa	95.182	116.376	22.27%	115.693	-0.59%	-103%

2005 AGOA Forum

- Dakar, Senegal
July 18-21, 2005
- Private Sector Session will be “Invitation Only”
- “AGOA: New Partnerships and New Opportunities - Linking Africa and the U.S. Market”
- Emphasis on diversification, including agribusiness in particular
- Need to insist that textile and apparel, including adjusting to the post-MFA world, continues to be prominent on the Forum Agenda.