

U.S.-Africa Trade and the AGOA Forum Event

Remarks

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It is a great pleasure to be here at CSIS to discuss U.S.-Africa Trade in general and the AGOA Forum in particular. Let me start off by saying we are very excited about this year's AGOA Forum which is scheduled to take place in Lusaka, Zambia on June 8-10. USTR Ambassador Ron Kirk and Secretary Clinton will attend as well as a number of senior U.S. Government representatives. We also are expecting a strong turnout from African government, civil society and the private sector. The Government of Zambia has been a great partner as we have worked together to plan this event over the past months and we are all looking forward to a dynamic forum.

U.S. exports to Africa were \$17.1 billion in 2010, while U.S. imports from the region were \$64.3 billion. This compares to \$5.9 billion in U.S. exports and \$23.4 billion in imports from Africa in 2000 prior to AGOA. AGOA has made progress in creating jobs, spurring economic growth and facilitating a dialogue on key economic and political challenges facing many countries in sub-Saharan Africa. Importantly in this time of shrinking budgets, it has done all of these things at relatively low cost to the U.S. taxpayer. While AGOA has achieved a certain amount of success, it has not solved Africa's challenges and the region has not experienced a genuine economic revolution. Africa also continues to struggle to compete in an increasingly competitive global economy. For these reasons I am fully committed to revitalizing AGOA.

AGOA remains the centerpiece of our trade and investment policy with Africa. In 2012 the third country multi-fiber provision which allows textile producers to source their raw materials from other countries is set to expire and in 2015 the AGOA legislation itself will end. I would like to outline the State Department Africa Bureau's vision for the next steps on AGOA:

1. Renew AGOA through 2025. The uncertainty about renewing the legislation creates a disincentive for potential investors to source production in AGOA eligible countries.

2. Renew the Third Country Multi-Fiber provision through 2022. The rules of origin for fabric under AGOA are one of the most important incentives to invest in textile production in AGOA eligible countries. This component of AGOA allows textile producers in AGOA countries to source their raw materials from other countries and still maintain their preferred access to the U.S. market.

3. Add South Africa to the Third Country Multi-Fiber provision. South Africa is the only AGOA eligible country not eligible for this provision and also the country best suited to take advantage of it.

4. Continue USAID's Trade Hub and capacity building programs. Without this type of strong trade capacity building program AGOA cannot succeed.

5. Ensure that the Department of Commerce's Foreign Commercial Service maintains their presence in Dakar and Accra. This is crucial not only for AGOA but for all of our economic initiatives in Africa.

6. Increase USDA's capacity to provide phytosanitary certification. Agriculture exports remain an important and underutilized component of AGOA.

7. Tax incentives for earnings from AGOA investment. AGOA already provides substantial tariff savings for U.S. companies importing eligible products from Africa, but there are no other types of tax incentives provided under the legislation. Recommend that the U.S. government support an effort to eliminate the U.S. tax on repatriated revenues from American companies that invest in factories in Africa that produce AGOA exports to the US.

There has been a great deal of impressive economic news coming out of Africa recently. I am very encouraged by these positive developments. However, it is not the time for us to become complacent. Africa still faces huge challenges and we need to continue and revitalize our economic partnership. This is not only in the interest of our African partners, but in our interest as well. We need to maintain and improve upon AGOA today in order to continue to play a role in the growing dynamism in Africa tomorrow.

Thank you, and I look forward to your questions.