

Written Testimony  
By Stephen Hayes  
To the Subcommittee on Terrorism, Nonproliferation, and Trade  
and the Subcommittee on Africa, Global Health, and Human Rights  
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Thank you for inviting me to speak to the joint Subcommittees on Terrorism, Nonproliferation, and Trade and Africa, Global Health and Human Rights regarding the state of the African Growth and Opportunity Act (AGOA), the principal trade legislation existing between the United States and Africa. As President and CEO of The Corporate Council on Africa (CCA), I represent the collective voice of the American private sector vanguard doing business in Africa. I come bearing the message that CCA and our members unequivocally support the renewal of the Third Country Fabric provision and seek to improve upon the mixed results of the first round of AGOA through a strengthening of the 2015 renewal legislation.

The Corporate Council on Africa is a nonprofit, membership-based organization established in 1993 to promote business and investment between the United States and the nations of Africa. CCA is the premier American organization devoted to U.S.-Africa business relations and includes as members more than 180 companies, which represent nearly 85 percent of total U.S. private sector investments in Africa. CCA's members range from America's smallest to largest corporations. They represent a diverse pool of industries from more than 20 key sectors, including agribusiness, energy, infrastructure, security, power, healthcare, telecommunications and finance.

CCA is a leading source of the most up-to-date information on business across Africa. We work closely with governments, multilateral groups and businesses to improve the continent's trade and investment climate, and to raise Africa's profile in the U.S. business community. CCA regularly convenes sector- and country-specific working groups, forums and

conferences, including the biennial U.S.-Africa Business Summit that usually attracts more than 2,000 U.S. and African government and private sector leaders. Just today, CCA completed its U.S.-Africa Infrastructure Conference, which attracted more than 500 participants from Africa and the United States to discuss opportunities in African infrastructure development. CCA has also developed through the support of the U.S. Agency for International Development a U.S.-Africa Business Center whose primary purpose is to identify business partners in Africa for U.S. companies, especially small and medium-sized businesses exploring new markets and seeking to scale up their operations.

Turning to AGOA, CCA has been a staunch supporter since the trade legislation's inception in 2000. In fact, a number of the architects of the original legislation are CCA members and we have worked as an organization to promote the use of AGOA preferential trade provisions as a means of boosting commercial ties between the U.S. and Africa. We have supported the annual forums, both in the United States and Africa, including, most recently, organizing the private sector session at the 2011 AGOA Forum in Lusaka, Zambia. Also, our infrastructure event addressed critical blockages that hinder African regional and international trade and inhibit AGOA's success.

From this perspective as an AGOA ally, CCA has seen mixed results as African exports to the United States have increased significantly since 2000, but only to the benefit of select African countries and sectors. Despite surging African economies and increasingly positive developments in the business climate on the continent, AGOA today has yet to truly realize its potential and become a driver of economic growth and an enabler of trade between Africa and the U.S. This is a secret to no one.

African countries still face significant barriers to trade, ranging from poor quality control to inadequate infrastructure. Unless a concerted effort is made to address such issues, liberalized market access will mean little. Agriculture is the continent's largest job engine, employing three fourths of the work force, but agricultural exports under AGOA have been minimal. U.S. agricultural imports have grown by just 38 percent under AGOA, although virtually all products in the sector enter duty free. More investment and value-added services in Africa's agricultural sector and a broader array of AGOA-eligible agricultural products are needed if the developmental benefits of AGOA are to be realized. Additionally, African countries need to trade more with their neighbors before they can trade effectively with the world. Regional integration can advance that effort. However, the legal, institutional, technical and educational foundations of regional groupings generally are weak and need to be addressed in the next generation of AGOA to meet the challenges inherent in deeper integration.

One area in which AGOA has been particularly successful is the textile sector, which comprises the majority of non-oil AGOA trade between the U.S. and Africa. The Third Country Fabric provision is a key component of the AGOA legislation and an essential contributor to the competitiveness of African textiles and trade. Delaying its extension hurts both African and U.S. businesses and undercuts the greatest AGOA success to date as the legislation renewal discussion approaches. CCA and its members therefore urge Congress to move forward with extending the Third Country Fabric provision without further delay.

Building on the success of Third Country Fabric, CCA also encourages the joint committees here today and members of Congress to ramp up the dialogue surrounding the renewal of AGOA in 2015. The legislation passed in 2000 was an opportunity to create

transcendental change in U.S. – Africa economic relations, but that opportunity has not been realized. AGOA by itself is only a part of the answer, and a more comprehensive approach is needed to address the myriad issues surrounding African development, but it is still the preeminent economic legislation between the United States and Africa.

Just last week, President Obama announced a new policy directive toward sub-Saharan Africa in which trade is a pillar component and AGOA continues to be the driving force. Taking advantage of the increased visibility of AGOA in the White House and through the 2012 AGOA Forum now is the time to turn our attention to renewal. 2015 is rapidly approaching and substantive planning needs to begin now to determine what the next iteration of the legislation will look like. The next generation of AGOA must take in to account methods under the current legislation that have worked and what is out of step with the realities on the ground in Africa. AGOA as it stands now is a positive step toward increasing the commercial relationship between the United States and Africa, but we need to go further.

The importance of getting the renewed version of AGOA right cannot be overstated. As the global economy continues to founder, African countries are fast attracting interest for their democratic gains, robust growth and policy reforms. As a result, Africa's viability as an investment destination is shifting rapidly and its trade with other global partners is growing at unprecedented rates. Africa is an opportunity for the United States and AGOA can be the mechanism by which that opportunity is realized. CCA and its membership urge these Subcommittees and others in Congress to move the AGOA renewal discussion to the forefront. Thank you.