

**Trade, Supportive Aid Policies Key to African Prosperity
(USTR Zoellick addresses AGOA Forum Opening January 15) (2210)**

**REMARKS BY U. S. TRADE REPRESENTATIVE ROBERT B. ZOELICK
AT THE OPENING CEREMONY OF THE U.S./SUB-SAHARAN AFRICA TRADE AND ECONOMIC
COOPERATION FORUM
UNIVERSITY OF MAURITIUS -- JANUARY 15, 2003**

Thank you, Mr. Prime Minister. I am honored to be here with you. I could not envision a better location for the Second Annual U.S./Sub-Saharan Africa Trade and Economic Cooperation Forum. You have a beautiful country, truly the "Diamond of the Indian Ocean."

Through your leadership and that of your colleagues, Mauritius has seized the promise of AGOA - creating jobs, investments elsewhere in sub-Saharan Africa, and, most important, hope. The rich culture and society of Mauritius reflect earlier ages of globalization - the Africans, Arabs, Indians, Portuguese, Dutch, French, British, and Chinese who came here, as the currents of trade and settlement created new worlds. So I am delighted that you have made a place for Americans, too!

President Bush asked me to relay his deep regrets for not being with you today. He believes strongly in the opportunity of Africa, and he wanted to be here to listen and learn from you about how the United States can help build on AGOA's early success.

As someone who has known the President for some 15 years, I know he would have come if not for extraordinary events. A number of the countries represented in this room have felt the pain of terrorism. So has America. President Bush receives reports every morning about new threats by those who die to destroy, not live to create.

Especially since September 11, President Bush has been deeply concerned about the terrible danger of combining terrorism with weapons of mass destruction - with results almost too frightening to contemplate. But President Bush must contemplate them. And he may have to put the lives of many young Americans at risk to stop the danger. Some of these Americans are on the move as we meet. The UN processes are reaching a critical point. The President of the United States is weighing America's international actions carefully.

At the same time, he must prepare Americans for what is to come. These are heavy responsibilities. Yet President Bush also knows that America has a responsibility to create opportunities at the same time as it counters dangers to peace. And that's why we have assembled here.

This Forum is special because it brings together governments with business leaders and NGOs to nourish the seeds of hope planted by AGOA only two years ago. This Forum is special because it is taking place here in Africa.

This is my second trip to sub-Saharan Africa in the past year. As some of you know, I've been a modest student of Africa's history, its geography, the flora and fauna - but most of all, its extraordinary people. So thank you for having me and my colleagues back.

Most of all I am touched by the hospitality and warmth, the generosity, and the energy and commitment to the U.S.-Africa relationship. I want to convey a special thank you to the people of Mauritius for hosting this forum. The organizers have gone to great lengths to welcome the delegates, show us their magnificent country, and devise a program that will build upon the foundation of AGOA.

There are many individuals who deserve special thanks for their contributions to AGOA and the U.S.-Africa trade partnership-I would like to acknowledge at least a few:

- Mauritius Commerce and Industry Minister Cuttaree;
- Heads of African regional organizations;
- Ministers and senior officials from AGOA partner countries; and
- Members of the U.S. Congress who wanted to show their interest in Africa by joining us -- especially Ways and Means Chairman Bill Thomas-a great friend of free trade, who was the engine that drove AGOA II to final passage last year.

AGOA: A Record of Progress

So where do we stand today? No region of the world has a greater stake in global trade liberalization than Africa. Sub-Saharan Africa's share of global trade has dropped from nearly 4 percent in the 1960s to less than 2 percent today. As a result, African countries and peoples have not shared in the growing prosperity that has accompanied the surge in global trade over the past few decades. Africa has not seen too much globalization, but instead too little.

We believe that free trade, combined with supportive aid policies, offers the best hope of fulfilling President Bush's commitment to "include all the world's poor in an expanding circle of development." That's why the President has moved aggressively to open markets and create new opportunities through AGOA, free trade agreements, and global trade negotiations in the WTO. That's why he pushed hard with the Congress to regain our vital trade negotiating authority, to enact AGOA II, and to renew the GSP trade benefits.

We will bolster our aid through the President's Millennium Challenge Account initiative - which will substantially increase U.S. assistance to developing countries with good governance practices that are opening markets - and through increased trade capacity building assistance.

I very much appreciate being joined by Andrew Natsios, head of the U.S. Agency for International Development, and Thelma Askey, head of the U.S. Trade and Development Agency, as well as by senior representatives from the Departments of State, Treasury, Agriculture, and Commerce.

This is a combined effort by all of us. To succeed, we need a partnership with all of you. That's what AGOA is about: -- an African-American partnership for growth and opportunity.

I believe there is a new activism on trade in Africa, and it has been boosted by AGOA. Although, only a little over two years old, AGOA is shaping new patterns of trade and growth.

- Thirty-eight countries are now participating in AGOA.
- Eighteen have qualified for the special apparel benefits, and eight more are in the approval process.
- More than 92 percent of U.S. imports from the AGOA countries now enter duty-free.
- Especially encouraging, non-fuel imports are growing at a healthy rate: They are up over 50 percent in the past two years.
- The United States is now the largest, single-country export market for sub-Saharan Africa, accounting for over 21 percent of your exports in 2001.
- The United States is sub-Saharan Africa's leading foreign investor as well, at \$16 billion.

In the first seven months of last year, African apparel exports topped \$100 million, a 20 percent increase, when U.S. imports from other regions fell. As a result, Africa nearly doubled its share of the U.S. apparel market. These overall numbers comprise a host of specific success stories, and new jobs.

South African automobile exports, for example, have increased 16-fold over the past two years. Over the past two years in Lesotho, eleven new factories have opened, and eight more were expanded, resulting in the creation of 15,000 new jobs. AGOA is also stimulating regional integration and production sharing, for example, between Mauritius and South Africa.

AGOA has helped boost U.S. exports to Africa, too - up by 21 percent from 2000 to 2001. African apparel producers, for instance, are increasingly buying U.S. machinery, components, and yarn.

One company from Georgia is now exporting high-quality cotton yarn to Mauritius. Here it's woven into fabric and used to produce high-end apparel for the U.S. market. Prior to AGOA, this company had not done business in Sub-Saharan Africa. Now, thanks to AGOA, it considers Africa to be one of its most promising markets.

Toward a Closer Partnership

On my way here, I visited South Africa, where I met with my colleagues from Botswana, Lesotho, Namibia, South Africa, and Swaziland. Together we announced a roadmap for a free trade agreement between the Southern African Customs Union and the United States, showing that AGOA is a foundation for even closer and deeper economic and trade ties.

This U.S.-SACU Free Trade Agreement will be a cornerstone of America's broader efforts to promote global trade liberalization and to draw developing countries into the mainstream of the global economy. Our aim is to develop a free trade agreement that supports the long-term development and growth interests of our partners. By doing so, perhaps we can establish a

model all of us can work toward. In order for trade liberalization to be successful for developing countries -- whether through AGOA, FTAs, or the WTO -- President Bush recognizes that nations in Africa need assistance: to participate more effectively in negotiations, implement the agreements, and connect trade liberalization to broader economic reforms and export development.

Building Trade Capacity

The United States devoted more than \$345 million to trade capacity building programs in subSaharan Africa in the four years from 1999 through 2002. Last year we increased assistance by 65 percent, to about \$105 million. We can do more -- and we will.

Last year, our colleagues at USAID inaugurated a multiyear capacity building initiative called Trade for African Development and Enterprise, or TRADE. A central element of TRADE is the establishment of Regional Hubs for Global Competitiveness in Botswana, Kenya, and Ghana. Each hub is staffed with technical experts who will provide support on WTO issues, AGOA implementation, private sector development, and other trade topics.

We are also adding a specialist to each Hub from our Department of Agriculture, to help expedite risk assessments for African farm exports. USTR and USAID have also worked with the WTO to carry out several trade capacity building programs in Africa, including workshops on agriculture and services and a pilot WTO course for African trade officials at the University of Nairobi.

Building on the Foundation of AGOA

AGOA is off to an excellent start. But we have much, much more to do to realize the full potential of AGOA. I hope in particular that over the coming days we can exchange perspectives - and make advances - on 6 topics.

First, some countries have been especially successful with AGOA. But we would like more to benefit. What can countries learn from the experiences of others and how can the U.S. help?

Second, how can we improve our capacity-building efforts?

Third, how can we draw in - and draw from - more private sector knowledge, business networks, and experience?

Fourth, the United States has committed to end all its apparel quotas in 2004; that's the end of next year. How can Africans compete successfully with China, India, and other apparel exporters? AGOA will still provide an advantage, because you will not need to pay tariffs. But what steps should we be taking now - especially with the private sector -- to strengthen Africa's market position?

Fifth, working together at Doha, we launched new global trade negotiations through the WTO. The United States has advanced bold market access proposals in all three core areas: agriculture, goods, and services.

We believe Africa would benefit greatly from reducing or even eliminating subsidies and other barriers to trade. We are willing to lead the way, because this President believes in free trade. We urge African countries to work with us in pushing bold reform and elimination of agricultural subsidies and other impediments to fair and open competition. If we miss this opportunity, there will not be another such push for many years, perhaps for a generation.

Let me assure you: Africa's voice matters in the Doha process. We want to understand your concerns and to work with you to address them. We are nearing key deadlines, especially for agriculture. We also need to work together to ensure special treatment for truly needy countries - like those in Africa - and guard against efforts by better-off countries to insist on parity with Africa.

Finally, we need to learn more about what is being done - and what more can be done - to assist Africa counter the plague of HIV/AIDS. We know this is more than a health problem; it weakens families, societies, and economies. The United States funds about 45 percent of all international spending on HIV/AIDS, and has more than tripled its spending on international AIDS programs in the past three years. We have made clear that we will not permit intellectual property rules to stand in the way of your and our programs. Yet we are far from overcoming this terrible disease. What else should be done to prevent its spread, support health care systems, and care for those in need?

Thank you for joining with us and for your commitment to our common cause. We are delighted to be with you. Together, we can accomplish much for the peoples of Africa and America.

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