Remarks by Assistant U.S. Trade Representative
for Africa Connie Hamilton
Civil Society Network Spring Conference

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Thank you for the invitation.

This is an excellent time to have a conversation with civil society about U.S.-African trade and investment. I look forward to hearing your questions, but first I would like to highlight a few political, economic, and trade-related developments that I believe will be of interest.

Political Developments

We have seen political progress across the continent:

Liberia enjoyed good elections and a peaceful transfer of power. The fact that the UN is powering down its engagement there is a testament to that country's growing stability.

In **South Africa**, we are hopeful the new reform-minded Ramaphosa Administration could open the door to better trade relationships between our two countries.

In **Kenya,** the reconciliation between President Kenyatta and opposition leader Odinga allowed the government to avert a political crisis and focus instead on policies and initiatives that will better the lives of all Kenyans.

And of course we have the new promise represented by leadership changes in **Zimbabwe** and **Angola**.

Economic Developments

We also see promising developments in the economic sphere. Four of the top 10 fastest growing economies in the world in 2017 were in sub-Saharan Africa; 20 countries in the region had a growth rate of 4.5 percent or more. Africa has the highest population growth rate of any region in the world and that population is getting healthier and better educated as the middle class expands. Consumer markets are growing, representing greater prospects for U.S. exporters and investors. In spite of the continuing challenges—South Sudan, Central African Republic—we are seeing a more prosperous and stable Africa. That benefits African civil society and is very much in the security and economic interest of the United States.

Trade-related developments

Turning specifically to the area of trade, a significant development from a few years ago was the decision by Congress to extend AGOA by 10 years to 2025. That is the longest extension ever for AGOA. However, that window is already closing, and we have only seven years left for countries to take advantage of one of the most generous U.S. trade preference programs. We don't know whether Congress will extend or modify the program after 2025. That's why we are encouraging countries to think strategically about AGOA and develop utilization plans to maximize benefits. I am pleased to note that a number of countries have already done so and other countries are working on their plans.

USAID provided assistance for the drafting of some of those plans. Its three Trade and Investment Hubs continue to help African, U.S., and global businesses to take advantage of AGOA. The Hubs partner with private and public sector organizations, international development agencies, and financial institutions across Africa to deepen regional economic integration, promote two-way trade with the U.S. under AGOA, and attract investment that drives commercial expansion within the region and to global markets.

Meanwhile, we have continued to apply **AGOA's eligibility criteria**. We were pleased to see The Gambia and Swaziland readmitted to the program effective January 1 of this year, the former due to the restoration of democracy and the latter due to its meeting our benchmarks for improved labor standards. A decision by the East African Community to restrict imports of used clothing, to the detriment of entrepreneurs in both the U.S. and the EAC prompted an out-of-cycle AGOA eligibility review. Kenya addressed our concerns prior to the launch of the review and Uganda and Tanzania have done so more recently. The President has given Rwanda 60 days' notice of his intent to withdraw AGOA apparel benefits, which we hope will lead to their finding an acceptable solution as well.

Another development from earlier this month is the passage by Congress of a little-publicized law that authorizes the **Millennium Challenge Corporation** to grant regional compacts rather than just single country ones. This will likely have an important impact on infrastructure development in Africa. Constraints to growth often do not stop at the border, so new authority will enable MCC to pursue broader regional approaches involving neighboring countries.

An important new development is the signing last month by 44 African countries of the framework for an **African Continental Free Trade Agreement.** There is no template for doing business in Africa, so given the sheer size of the Continent—its different rules, regulations, stakeholders, and market dynamics-- we view the signed framework as a very positive step. We are still learning the details, so we are unable to assess what was achieved and the impact the accord will have on U.S.-African trade, but we look forward to learning more.

But the act of signing (even without Nigeria and South Africa) was an important first step, to be following by the ratification of at least 22 countries for it to go into effect. Product specific commitments and rules of origin should follow. The African Union has ambitions to go beyond tariff negotiations to include areas such as services and intellectual property protection. Any negotiation involving so many countries is bound to be challenging, but it speaks to the political will on the Continent to take advantage of economies of scale and modernize trade regimes.

Finally, in February, USTR Lighthizer announced he would like to **explore a possible free trade agreement with an African country.** We are not deserting AGOA. AGOA has been very beneficial. It has helped African exporters be competitive in the U.S. market. It has provided successive U.S. Administrations with an important tool to encourage good governance and sound trade policies through the leverage of the program's eligibility requirements. However, there are limits to how transformative a preference program can be. Only a handful of countries have diversified their AGOA trade in a significant way. While infrastructure and business climates in many African countries continue to improve, they still present challenges for current and potential investors.

Meanwhile, much has changed in the global context since AGOA began in 2001. The United States has entered into FTAs with 17 countries from other regions since AGOA entered into force. Developed countries like the EU and Canada have scaled back their preference programs for developing countries. The EU has negotiated reciprocal trade deals with a number of African countries that are now implementing tariff reductions on their imports from Europe. Actions such as these place the US at a competitive disadvantage.

So Ambassador Lighthizer's statement that he is interested in identifying an African country with which to negotiate a model FTA signals a new chapter in US-African relations. Our intention is not to undermine Africa's regional integration, quite the contrary. We believe that a deeper, more reciprocal trade relationship may lead to more transformative growth and development than has occurred under AGOA.

This initiative is at a very early stage. We are hearing from African governments interested in exploratory talks regarding an FTA and we are evaluating prospects.

In closing, let me again thank you for the opportunity to meet with you and I look forward to our discussion. Thank you.