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GATT.[1] H AGOA, CBI[2] GSP[3]
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1. General Agreement on Tari s and Trade 2. Caribbean Basin Initiative
3. Generalized System of Preferences 4. Israel, Mexico and Canada, in Central America and with the Dominican Republic

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Preamble

An Introduction

Heritage Foundation, *Brookings Institution*, *Corporate Council on Africa*, and the *Wilson Center*,

In July 2012,

114 ... 2015.

(D-CA),

(R-N.J.),

AGOA

Executive Summary

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A AGOA

A . To their credit, the big American boys Coca Cola, Microsoft, Walmart, GE, Procter & Gamble, amongst others continue to fly the American flag in the region. But Witney Schneidman in a recent Brookings publication argues that these represent only 1% of U.S. FDI, and U.S. exports to Africa are just over $ 22 billion - about only 2% of worldwide exports. Besides, the big boys do not necessarily need AGOA!

Time is of the essence: AGOA expires in 2015. Because we mustn't wait for the 114th Congress to sit in January 2015, collaboration between Obama and the 113th Congress on a well coordinated approach to stave off China's influence and EU-preferences in Africa must start soon. We recommend that the next 18 months not only be used to renew and enhance AGOA but ensure that the renewal is part of an overall US approach towards the region.

Potential Ingredients to Effective Policy

1. American stakeholders must agree that collectivity is better than ud enos influence ad e.016 Tw 1Ah18n <</M-8(b)-9(o)12(ra)19(t015. BT /T1_1 1f 0.025

With Obama freed from having to prove heritage, a more open and aggressive commercial policy towards the region can now be implemented. Besides, Republicans who still control the House realize that their best hope to increase votes may lie in championing as many pro-minority programs. A pro-Africa program could mean addition to the more than 100,000 AGOA created American jobs.

4. The U.S. must not be blinded by a desire to negotiate closer relations with Europe under the Transatlantic Trade and Investment Partnership (T-TIP). The EU policies that force African countries to provide preferential access for European exports in sub Saharan markets pose a clear and present danger to U.S. commercial interests and also, the survival of AGOA in its present form.

Illustrative Initiatives

A solid body of ideas and proposals for an enhanced U.S. - Africa economic partnership exists. Like already mentioned, various parties, including Corporate Council on Africa as well as continuous work by Brookings, Heritage and this collaboration between Wilson Center and Manchester Trade are in the process of putting suggestions up for discussion.

Secondly, the current Washington trade agenda is not crowded. With the exception of possibly considering renewal of Trade Promotion Authority (TPA) - something that could take months of consultations before a bill is presented - these are ideal conditions for crafting of successful U.S.-Africa legislation.

The WTO's DOHA Round is, at best, moribund; the Transatlantic Trade + Investment Partnership yet to be launched, and even the optimistic don't expect TPP negotiation to conclude before the end of 2013 at the earliest, meaning that any agreement resulting from these negotiations will not be presented to congressional committees until mid 2014. This should allow time for the respective committees to complete work on a transatlantic initiative on Africa.

Whatever the case, a new U.S. - Africa program must be put through Congress' rigorous legislative process. Also, considering that the basic architecture of AGOA was developed in the last century, renewing or tweaking aspects of it does not do justice to recent latent synergy between the world's largest economy and a region that's grow.d euc43

iii. Relatively, all programs must re-enforce each other: For instance, MCC and USAID investments in Africa should be linked, wherever possible, to loans from ExIm Bank, OPIC and USTDA.

iv. Because Congress does not treat failure kindly, federal agencies may be justified in their precaution. However, being much too process and procedure driven goes against the grain of economic activity, and the meme that U.S. programs have onerous conditionality must be dealt with immediately or continue the risk of being further shunned by the private sector. The premise here would be a whole-of-government approach that allows for the inevitability of venture failure.

v. Given the fact that Africa is still divided into 48 separate countries, the continent must work out its own trade policy in the context of integration efforts. Thus, the U.S. must temper her trade priorities, at least, in the short term. To this, the U.S. Trade Representative must modify or delay a natural proclivity to gain reciprocity from African countries in the tariff area, ensuring that AGOA is renewed or enhanced with the program's non-reciprocal status.

Nonetheless, the US should continue efforts to support American investors through such measures as liberalizing non-tariff measures, improving protection of Intellectual Property Rights (IPRs) and entering into Bilateral Investment Treaties (BITs).

Striving to strengthen its relationship with the East African Community, the US is working on a regional Trade and Investment Framework Agreement (TIFA). This sort of relationship intensification and effort to improve regional integration conditions should be extended to other African RECs. The expectation should be that the African Union and RECs will use this extended AGOA period to progress towards a continental FTA + CET by the end of the decade.

We address this in Proposal 2.

vi. These changes to current programs should also address the important issue of sanctions and conditionality. No matter how laudable, there's little impact on strengthening democratic practices in an African country through unilateral withdrawal of AGOA benefits or a cessation of MCC or USAID development programs.

Instead, whenever a country is suspended or sequestered, US firms lose business to countries like China which simply supplant American firms, further undermining the AGOA's positive intent - even weakening the very groups that may oppose heavy handed regimes.

The deleterious effect of suspending programs with long run development outcomes beyond the restoration of democracy can be avoided by targeted sanctions. Interpretively, ICJ proceedings, arms embargoes, travel restrictions and freezing of assets would be imposed on 'dictators', their 'henchmen' and their families.

Following a military coup in Madagascar, the U.S. took unilateral action in removing that country's AGOA eligibility. However, this very action not only affected the economy, but especially the Malagasy women producing under AGOA.

In a parallel illustration, American businesses in the Democratic Republic of Congo lost vantage points to Chinese investment when the country was removed from those benefitting from AGOA. While this sanction was meant to end barbarous practices used by both sides in that country's civil war, America's reaction had no discernible impact - except to cause a direct hit to U.S. investors.

We recommend that automatic + unilateral suspension of benefits be replaced with a collective approach. For example, peer pressure by one or more African countries on dictatorial neighbors has been effective in 'helping' West African leaders be more democratically conscious.

vii. Given present technology, Africa should remain reliant on fossil fuels for many years. Thus, while we support special incentives to promote the use of clean energy, the US must lift prohibitions on supporting fossil fuel development when cleaner forms of energy are not feasible or competitive.

Proposal 2: Regional Integration