

Before the United States House of Representatives
Committee on Foreign Affairs
Subcommittee on Terrorism, Nonproliferation, and Trade
Subcommittee on Africa, Global Health, and Human Rights

**Joint Hearing on African Growth and Opportunity Act:
Ensuring Success
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Statement by Jaswinder (Jas) Bedi
Chairman, African Cotton and Textile Industries Federation (ACTIF)

I want to thank the Subcommittee on Terrorism, Nonproliferation and Trade and the Subcommittee on Africa, Global Health and Human Rights for holding this hearing on this extremely important and time-sensitive subject.

I am appearing before the Subcommittees today in my capacity as Chairman of the African Cotton and Textile Industries Federation (ACTIF), whose membership comes from national textile associations from 20 countries across the continent involved with the cotton textile value chain. ACTIF is a private sector Business Member Organisation influencing decision makers through 'lobbying and advocacy' to create a competitive enabling environment for production of textile and apparel factories in the full cotton textile value chain in Africa.

The African growth and opportunity act enacted in the year 2000 (AGOA) is probably the most liberal trade preference programs the United States has given to any country or region which has indeed had a great positive impact on Sub Sahara African Countries (SSA) creating numerous new jobs (almost 300,000 jobs) and positively impacting livelihoods of especially women who became bread winners with a second income in many households.

The eligibility criteria of AGOA compelled most African countries to embrace the rule of law, allow for political pluralism, and respect democracy and basic human rights. AGOA certainly met expectations whereby bi-lateral trade between the United States and SSA grew benefiting both the US and Africa.

The 3rd country fabric provision benefitted AGOA accredited countries as the continent was unable to offer competitive production in comparison to Asia in respect to quantity, quality and price compromising the competitive advantage from SSA countries. This provision allowed SSA to compete effectively and help the US consumers with competitive pricing of apparel. The expiry of this provision will devastate the supply chain and destroy the numerous jobs created in the last several years undermining the entire AGOA trade preference program.

Through ACTIF we have actively advocated the need to have an organized regional supply chain which integrates the continent and creates a competitive industry through domestic and regional representations to individual countries and trading blocs. In this respect we have signed a MOU with both COMESA and the AU to ensure our members can easily operate across borders and the trade precipitates to global best practices towards economic freedom.

AGOA has created a platform for African private sector to align mindsets and present SSA with a unified voice with common objectives in relation to trade. This has further filtered into the various governments in Africa whereby common approach and dialogue has become evident. The diplomatic relations between the USG and SSA countries have been elevated allowing greater cohesion in respect to multi-lateral trade negotiations especially in WTO.

AGOA has become an annual meet between USG and SSA to discuss what worked?, what didn't work?, what can we do differently to benefit the people of both US and SSA? This dialogue allows exchange of ideas in respect to bi-lateral and multi-lateral trade negotiations which in terms helps the people and livelihoods in both continents. SSA currently suffers major infrastructure challenges hurting its competitiveness which is an opportunity for US exporters. AGOA as a framework can help address these challenges to create a win:win partnership between the US and SSA especially in terms of value addition which SSA desperately needs to employ its large population which by 2040 will be the largest working age population in Africa bigger than India and China. Also the combined GDPs of Africa are anticipated to grow by \$1trillion by 2020 with consumer spending growing by \$860billion over the same period. Hence AGOA can be re-modeled to ensure US exporters get a greater slice of this expanding economic pie.

AGOA has beyond economic terms created a sense of belonging within SSA accelerating the regional integration agenda within various economic blocs with free movement of good and services lowering tariff and non-tariff barriers for expanded trade within SSA.

The total AGOA apparel export trade to the US is less than 1% of total US import totalling under \$1.0billion and in essence 'a needle in the haystack' with NO impact to the US textile and apparel industry. Infact, both ACTIF and NCTO share various common positions in respect to multi-lateral trade in the cotton textile value chain to help and sustain a globally competitive cotton textile apparel industry.

The current status quo in respect to the expiry of the 3rd country fabric provision on 30th September 2012 has created a great uncertainty in the market place whereby we have noticed reduction of orders from the US buyers who will only place business if the factories underwrite the import duties payable in event the extension of this provision is NOT attained immediately considering we have 3months to expiry and the lead time of production exceeds this window.

Renewal of the AGOA third-country fabric rule of origin was declared to be the top trade priority between Africa and the United States at the 2011 AGOA Forum. It is

now a full year later, and what was then a priority has now become a crisis. This inaction by congress will definitely impact livelihoods and accelerate the job losses in the apparel industry placing questions in the minds of Africans whether the AGOA legislation enacted in the year 2000 was a curse or a blessing?

I thank you, and happy to answer any questions the Members of the Subcommittees may have?