

Embassy of the Republic of Djibouti*The Ambassador*

سفارة جمهورية جيبوتي
واشنطن

February 17, 2004

The Honorable Jim McDermott
1035 Longworth HCB
Washington, DC 20515-4707

Dear Congressman McDermott:

On behalf of the entire African Diplomatic Corps, representing 54 African countries, I urge Congress to quickly enact legislation to extend and expand the African Growth and Opportunity Act (AGOA). We have noted that bipartisan legislation (HR 3572 and S. 1900) has been introduced in the House and Senate, and call on you to consider the legislation as soon as possible.

The framework of AGOA provides the United States and nations of sub-Saharan Africa limitless possibilities to consolidate their relations and grow together into the 21st century. Indeed, we are already witnessing the fruits of that effort. Since its enactment in 2000, the majority of sub-Saharan African (SSA) economies *expanded* despite a worldwide economic contraction. This expansion can be attributed in part to increased exports under AGOA. The positive impact of AGOA on SSA economies has also been beneficial for the United States – since AGOA, U.S. exports to the region have reached record levels, and continue to grow.

The significance of AGOA to Africa's development reaches far beyond the immediate commercial gains of trading with the U.S. In addition to encouraging sustainable economic development and aiding greater participation by beneficiary countries in the global economy, AGOA has helped to promote and consolidate the foundation of democracy on the African continent.

However AGOA stands at a critical crossroads for two reasons.

First, a key element of AGOA is about to expire. Specifically, AGOA included preferences for apparel manufactured in the SSA region from non-U.S. and non-SSA fabrics (the so-called "third country fabric rule"). The rule has allowed many SSA countries to develop apparel industries employing hundreds of thousands of workers, while also helping to attract new investment to build up the region's textiles capacity.

The third country fabric rule will expire on September 30, 2004. The African Diplomatic Corps recognizes that the ultimate goal should be to develop a regional textile industry capable of producing, export quality fabrics in quantities sufficient to meet demand. Having said that, we equally recognize that SSA industry is not at that point yet.

While SSA countries have increased their regional fabric production, about 80-percent of AGOA apparel exports currently use third-country origin fabric. Simply put, while textile capacity is increasing, it is still not sufficient to meet current needs. Hundreds of thousands of jobs throughout the SSA region will be lost if this rule is allowed to expire as scheduled, wiping out our hard-fought gains, and driving us back years, at a time when we desperately need to move forward. I note that expiration of this provision will be particularly devastating if it occurs just a few months before worldwide textiles and apparel quotas are eliminated in December 2005.

Second, while AGOA has been a boon to several sectors of our economies, we still must work to diversify our economies and our exports to fully take advantage of the program. We would like to collaborate with the U.S. to reach these goals. For example, Africa is endowed with an abundance of agricultural products, and conditions need to be created to enhance the ability of African farmers to export to the U.S. market. Furthermore, the chief obstacle that continues to prevent widespread increases in trade flow between your region and ours is our under-developed infrastructure. It still remains dauntingly difficult to transport American goods to our markets, and it is equally as challenging transporting our factory and farm products to American supermarkets and department stores.

A great African leader, Kwame Nkrumah, said, "Never before have a people had within their grasp so great an opportunity for developing a continent endowed with so much wealth." Although he spoke those words in 1961, they still ring true today. We look forward to strengthening the economic and political ties that bind us; we look forward to working with you to enact AGOA III legislation.



Roble Olhaye
(Dean of the African Diplomatic Corps)