

## THE UNITED STATES AND SOUTH AFRICA

Ambassador Susan G. Esserman

Deputy U.S. Trade Representative

The Ronald H. Brown Commercial Center

Johannesburg, South Africa

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Good morning, friends and distinguished guests. I am delighted to be here in Johannesburg; and it is very special for me to be here at the Ron Brown Center.

Ron Brown, first of all, was a great friend of Africa and a founder of our Administration's African policies. His visit to South Africa in 1993 turned the page on U.S.-South African relations in the post Cold War, post-apartheid era. And it defined the new approach we have developed in the past six years, through the President's Partnership Initiative, the historic US-Africa Ministerial in 1998, and most recently the passage of the African Growth and Opportunity Act.

More than this, however, Ron Brown was a friend and a mentor to me. He brought me into the Commerce Department in 1993, and helped me through the first years of my career in government. I am happy to be here honoring his memory with each of you today, at a time when many of his hopes for South Africa and for our relationship have been fulfilled.

South Africa's transformation, in his words, was "the triumph of a people whose dignity and humanity have long been systematically denied; a victory for the ideals that form the bedrock of modern free societies; and, if we are fortunate, the rooting of a democracy and free economy whose branches will soon spread throughout Africa."

It is a transformation millions of Americans have followed with admiration over the past decade; and which has placed South Africa in a role of unique moral leadership in world politics. In the years since then, the goal of American economic policy with respect to South Africa has

been to help translate this political transformation into the broadly shared prosperity all of us hope to see. And the development of our trade and investment relationship shows how successful this joint effort has been.

## **US-SOUTH AFRICA TRADE RELATIONSHIP TODAY**

Today, our trade relationship with South Africa is the strongest and most diversified we have on the African continent – and it is a model for the relationship we see ahead for the democratic and developing Africa of this new century.

Since 1993 our two-way trade has grown by more than \$2 billion, with especially rapid growth in manufactured goods and services. American investment in South Africa has nearly tripled, rising from \$900 million to \$2.4 billion. And South Africa's exports, once dominated by gems and precious metals, have grown and diversified across the board, from:

- from \$13 to \$97 million in apparel,
- \$2 to \$40 million in telecommunications equipment, and
- \$17 to \$120 million in trucks and auto parts.

In a typical month this year, we import everything from 40,000 gallons of wine, to 60 tons of apples, 4,000 wool suits, two tons of platinum, and 70,000 kilos of lobster. This means jobs for miners, artisans, and factory workers. It means higher income for South African farm families. And it means, ultimately, the growth of a modern, diversified, and mutually beneficial relationship. And from here we are moving ahead.

## **POLICY DIALOGUE: BILATERAL RELATIONSHIP**

To pursue a more focused and effective trade policy dialogue, we established a Trade and Investment Framework Agreement (TIFA) with South Africa. This agreement creates a forum in which we can discuss, settle, and head off disputes, find new areas of mutual interest and shared benefit, expand our trade opportunities, and, ultimately, create a model for the US-Africa partnership of the future. And over the past year, this is what we have done.

Most notably, last year we agreed on ways to ensure that protection of intellectual property rights remain fully compatible with access to essential medicines in treatment of HIV and AIDS. The decision was the right policy. It will help to ensure that as African countries face the HIV and AIDS pandemic, patients will get the best available treatment; and at the same time, that we will foster the maximum amount of private as well as public-sector research on improved treatment and ultimately a cure.

Most recently, we used our Trade and Investment Framework Agreement, known as the TIFA, to help us work toward resolving a difficult telecommunications dispute. Our consultations have built a greater understanding of the complex technical issues involved, and led to progress in ensuring that the scope of South Africa's monopoly in basic communications complies with its WTO commitments. This benefits Americans offering services in South Africa; holds out the promise of lower rates and new value-added services for South Africans; and, over the long term, can mean greater efficiency and technological progress for South Africa's businesses.

We have also worked closely with South Africa -- a leader in the trading system -- to encourage Africa's full integration into the WTO and to promote common areas of interest in support of a launch of trade negotiations. Agriculture is an important area where we have many common interests. As Alec Erwin has said time and again, agriculture reform is key to development. African countries stand to benefit from a reduction in trade distorting policies, such as agriculture export subsidies, which prevent small farmers in Africa from developing. We share common goals in a number of other important areas including: services, with the prospect they offer for improved telecommunications, finance and other centrally important industries; trade facilitation and promotion of electronic commerce, with their potential to help small businesses and impoverished regions fully participate in world trade; and much more.

We are looking to the future, anticipating new issues and changes underway in our economy. Minister Erwin and I agreed in our meeting yesterday to develop a forward-looking, affirmative agenda for the TIFA council, to expand trade concretely and help us realize our shared commitment to broad-based prosperity. As always, we will be consulting with our business community to define a concrete agenda.

## **AFRICAN GROWTH AND OPPORTUNITY ACT**

Let me turn now to our area of greatest promise for the immediate future, the African Growth and Opportunity Act.

### **1.AGOA Provisions**

It is now a little more than one month since President Clinton signed this truly historic legislation. The result owes a great deal to the advice and ideas we have received from South Africans, and to the personal support of President Mbeki and his economic team. Taken as a whole, it will elevate the importance of our trade relationship, strengthen and codify each element of our African trade and investment policy, substantially open American markets to African goods, strengthen our relationships with reforming nations, and establish the highest-level policy dialogues.

The Act will give Africa more open access to the American market than any other region in the world; it is the most liberal treatment we now provide apart from formal Free Trade Agreements. It can mean thousands of jobs for South Africans; some South African industries estimate that jobs could increase by 30% in the early years of the Act's implementation.

To look briefly at the specifics, the Act will:

- Extend duty free and quota free access to the U.S. market for essentially all products from sub-Saharan African countries. This includes preferential access for some products that were before considered import sensitive.
- Extend duty-free benefits under our Generalized System of Preferences (GSP) for eight years, providing more security for investors and traders. It will eliminate existing limitations on the availability of GSP. This is especially important for South Africa, which is already the world's eighth largest user of the program; last year \$440 million of South Africa's exports to the U.S. came in under the GSP program, and the Act holds out the promise of much more.
- Lift all existing quotas on textiles and apparel products from eligible sub-Saharan African countries; and offers duty-free treatment to a wide array of sub-Saharan African apparel products. This includes all apparel made from cashmere, silk, linen, velvet, or U.S. yarn and fabric; and for up to \$4.2 billion worth of apparel made with African yarn and fabric.

While apparel provisions represent only a part of the Act's benefits, they are especially important because the Act provides an average 17.5% duty advantage on apparel imports into the U.S. market. This will give South Africans and other African suppliers a substantial competitive advantage over other major suppliers.

The Act has already generated a great deal of enthusiasm in South Africa and in other countries of Africa. In fact, several American companies have already placed concrete orders in South Africa in anticipation of the new Act's benefits.

### **3.AGOA Implementation**

Our next step is the practical implementation of this law. We hope to do so, consistent with its spirit, in a way that brings Africa the broadest possible benefits. And that will require two significant steps in the next months.

First, the President must designate the countries that will receive the benefits. This again rests first on statements of interest by African governments. African countries must also meet the

law's eligibility criteria, which are not meant to be restrictive, but simply recognize that the additional access to the U.S. markets must go together with appropriate domestic policies and customs regimes if it is to support growth and development in beneficiary countries. Our objective is to be inclusive and true to the spirit of the bill, encouraging those countries that have undertaken reform, and help others beginning to move onto the right path.

Second, we must define the Act's product coverage. We are hopeful that essentially all products will be granted duty free market access, but the final decisions are likely to be made in December of this year.

## CONCLUSION

Let me conclude with a final thought.

Our trade relationship is growing; but having matured, we are now encountering the highly complex issues of trade in the modern world: industrial and agricultural standards and high tech services issues, in addition to the more traditional issues, such as tariffs. We must work together on these issues, as well as ensure that the African Growth and Opportunity Act yields it's full potential for South Africans, Americans and the African continent as a whole.

But this is also a time of extraordinary potential and excitement. Our work in these years is laying the foundation for an economic relationship that supports growth, more broadly shared opportunity and development in this new century. We can look ahead to an entirely new relationship: the partnership President Clinton envisions with a growing, united and democratic Africa; the dream Ron Brown held as well, which is commemorated in the Center in which we meet today.

Thank you very much.

## REMARKS TO US-NIGERIA TRADE AND INVESTMENT COUNCIL

**Ambassador Susan Esserman  
Deputy U.S. Trade Representative**

**Abuja, Federal Republic of Nigeria**

**June 26, 2000**

Good morning, Mr. Vice President, Mr. Minister, friends and honored guests. I am proud and pleased to be here at the inaugural session of our Trade and Investment Council; and I am honored Mr. Vice President that you have opened this council meeting, as you launched this TIFA Council in February at the White House. Mr. Minister I am very honored also to chair this inaugural meeting with you.

### US-NIGERIA ECONOMIC RELATIONSHIP TODAY

Since this is our first Council session, I would like to begin with a general look at our economic relationship, and the principal challenges I hope the Council can help us both address.

This is a time of great promise in our relationship with Africa. President Clinton has elevated the economic partnership between the U.S. and Africa to the forefront of our policy agenda. Nigeria is key to the success of this new partnership. Nigeria is, of course, Africa's most populous nation; and Nigeria's government is a valued partner in peacekeeping, the worldwide fight against crime and corruption, and the development of the world trading system. Nigeria is the United States' second largest trading partner in Sub-Saharan Africa and its sixth largest supplier of oil. Two-way trade between our countries was just under \$5 billion. In 1998, the stock of U.S. foreign direct investment was estimated at \$1.9 billion.

So as we launch the U.S.-Nigeria Trade and Investment Council, we have the advantage of a relationship, which covers many different issues and is already of great economic importance to both our countries. But we also have some challenges to address. Most notably, while American exports to Nigeria cover a very large range of goods and commodities - energy equipment, computers, wheat, telecommunications and shipping equipment - Nigeria's exports to the United States are largely oil.

This is evidence of untapped potential for both of us: for Americans, expanded export opportunities generally; and for Nigerians, a more diversified and broader set of opportunities in the American market, particularly with enactment of the African Growth and Opportunity Act. Diversifying and expanding our bilateral trade are key goals of the Trade and Investment Council. And as we meet, both of our governments are pursuing a reform and growth agenda that will help us realize this potential.

## **NIGERIAN REFORM AND AFRICAN GROWTH AND OPPORTUNITY ACT**

President Obasanjo and Vice President Abubakar have set in motion a remarkable and courageous program of democratization and economic reform. The Clinton Administration supports and applauds this work.

At the same time, the United States has built the foundation of a new and vastly improved African trade and economic policy, through the President's Partnership Initiative as a whole, and the recent passage of the African Growth and Opportunity Act in particular.

The Act's benefits will open up unparalleled possibilities for reforming African countries. It will give Africa more access to the American market than any other region of the world with the exception of countries that have free trade agreements. For the first time the Act will provide Nigeria with an opportunity for duty and quota free access for essentially all products, including in the apparel sector, which has fueled economic growth throughout the world. This Act would provide a substantial competitive advantage for Nigeria and other African countries over other countries competing in the American market. This Act has already generated a great deal of investor interest in Africa and could translate into significant job creation and an infusion of capital and technology in Nigeria, particularly in the apparel and light industries.

### **SHARED INTERESTS**

I am honored to lead the U.S. delegation to Nigeria of senior officials representing our departments of Agriculture, Commerce, State, Labor, the Agency for International Development, the African Development Foundation and the Office of the U.S. Trade Representative for this inaugural meeting of the U.S. - Nigeria Trade and Investment Council. This Council will strengthen the ability of our governments to achieve expanded trade and investment. It will focus on removing impediments to trade, and developing and implementing concrete strategies to strengthen reforms and achieve economic diversification and growth.

We have an ambitious and important agenda launching our work today. We will work this morning to ensure that Nigeria fully understands the intricacies and benefits of the African Growth and Opportunity Act and that it is prepared and poised to seize the new opportunities. In light of Nigeria's strong interest in the Act, I am pleased to announce that the U.S. Government will conduct a technical assistance seminar in Nigeria this summer to apprise both the government and the private sector of the Act's opportunities. More broadly, we will exchange views on on-going and new U.S. technical assistance to support expanded trade and investment in Nigeria. This technical assistance is broad and key to Nigeria's efforts to sustain growth and develop a modern and diverse economy. Our assistance includes support to Nigeria's informal sector, rural cooperatives, small and medium sized-businesses and women entrepreneurs. We are committed to supporting commercial law development and initiatives to strengthen economic management, intellectual property protection and agricultural growth in Nigeria. Immediately following the Council meeting, the United States will host a series of comprehensive WTO technical assistance workshops in Abuja as a part of our cooperative work to facilitate Nigeria's integration into the multilateral trading system. We share a common vision with Nigeria in the WTO, that all nations

must benefit from global trade. Strengthening U.S. - Nigeria cooperation in the WTO is also on the agenda for today's meeting. In addition we will discuss specific impediments and opportunities to expanded trade and investment, in both the agricultural and industrial sectors.

## CONCLUSION

All these issues are on our agenda for this inaugural Council session. It will be a full and productive day. But before we can begin the work, let me say one more thing in closing.

We are all aware that Nigeria has traveled a hard and difficult road over the years. The break with the past cannot be easy, and the path of reform will inevitably have setbacks and moments of frustration. Nigeria is facing a moment which requires courage and perseverance; but it is also one of hope and renewal, and a time at which Nigeria has steadfast friends.

As was reiterated last week in South Africa during the World Economic Forum meeting, the international community has a great deal of respect for Nigeria and full confidence in President Obasanjo's leadership. In fact Nigeria is regarded as one of the world's most promising emerging economies.

Americans realize that as Africa's most populous nation and most richly endowed economy, Nigeria's success is crucial to all of Africa. We understand the great potential of our bilateral relationship. And we are here today as a sign of our commitment to Nigeria; and our confidence in your future. When Vice President Abubakar signed the Trade and Investment Framework Agreement at the White House in February, our governments committed to creating this bilateral Trade and Investment Council. We agreed that the Council's work should lead to concrete gains that will result in increased bilateral trade and investment, and economic diversification, growth and job creation in Nigeria.

Mr. Vice President, Minister Bello, Ambassador Twaddell and honored guests, I thank you all for your participation today.

## OUR STAKE IN TRADE POLICY

Ambassador Susan G. Esserman

Deputy U.S. Trade Representative

Wellesley College

Wellesley, Massachusetts

September 26, 2000

It is a special privilege to be back on campus and speak to the Wellesley community. My experience at Wellesley --the values and lessons learned , and friendships gained -- have been incredibly important to me throughout my career. Wellesley kindled a lifelong love of learning, and demonstrated both the importance of equal opportunity for women and the great role that women can play in supporting one another --Wellesley's motto --Non Ministrari, Sed Ministrari -- has been a source of inspiration. I have great affection for Wellesley and have had the pleasure over the last three years to have Wellesley students interning in my office. Each of these students made important contributions and were so much fun to be with.

Tonight, I would like to discuss the Clinton Administration's conviction that open and vibrant trade policies are vital to America and our future, and to women and development.

Before launching into the heart of the discussion, you may be interested to know that the Office of the U.S. Trade Representative, where I work, is a place where women succeed and help set our nation's policies. That includes, in addition to me, our Cabinet officer head of the agency, Ambassador Barshefsky; our Chief of Staff; our Geneva Ambassador; Counselor; career negotiators for Japan Europe, Africa, the World Trade Organization and industry; and our lead officers on both enforcement and trade and the environment.

### FROM FDR TO PRESIDENT CLINTON

The objective of our work at USTR is to effectuate the Administration's larger goals: at home, opportunity, equity and a rising standard of living; and overseas, prosperity, a stronger peace, and improving standards of environmental protection; and safety and dignity for working people.

The fundamental assumptions of our trade policy -- that fair and open trade promotes prosperity for our country, improves living standards for families, and strengthens world peace -- are drawn from the experience of over the last 50 years. These tenets date back to Franklin Roosevelt, who concluded that our decision to raise tariffs in the 1930s had contributed to the length and severity of the Depression. We strengthened our commitment to these principles in the years that followed the Depression -- not only for economic reasons, but because of the conclusion the World War II generation drew about the relationship between trade and peace. To quote President Roosevelt:

"A basic essential to peace, permanent peace, is a decent standard of living for all individual men and women and children in all nations. Freedom from fear is eternally linked with freedom from want. And it has been shown time and time again that if the standard of living in any country goes up, so does its

purchasing power -- and that such a rise encourages a better standard of living in neighboring countries with whom it trades."

His successors after the war acted upon that understanding, with the Marshall Plan, the establishment of the World Bank and International Monetary Fund at the Bretton Woods Conference, and the creation of the General Agreement on Tariffs and Trade which ultimately led to the World Trade Organization.

For half a century, from FDR to President Clinton, the fundamental tenets of our trade policy have had bipartisan support from Congress as well as Republican and Democratic administrations. Of course, trade has also always been a subject of debate throughout history. As nations have become more interdependent and the pace of economic change has accelerated, new issues and concerns have arisen: the revolution in science and technology; citizen concerns about openness and access; the environmental effects of growth abroad; burdening debt in developing countries; and concerns about core labor standards.

However, trade is not a policy proposal or policy choice, trade is a fact of life. From the trans-Saharan trade route and the silk road, to NAFTA and the WTO, trade is as old as humanity. The issue is how to devise the best policies to obtain the benefits of trade, maximizing the advantages from it, and managing our interests in a global economy. Tonight I would like to share my belief that the right mix of trade and other policies benefit our country and nations around the world.

#### CLINTON ADMINISTRATION POLICY

Trade policy helps us achieve our broader goals in a variety ways:

- We expand export and job opportunities by negotiating agreements to open markets and reduce trade barriers, and by promoting our goods in foreign markets.
- We ensure that Americans are safeguarded against unfair trade practices at home and abroad by negotiating fair trade rules and enforcing our trade laws.
- We bring home the benefits of the agreements we negotiate by rigorously monitoring and enforcing them.
- We seek to infuse the world trading system with the hallmarks of the American legal system -- rule of law, transparency and due process -- and with contemporary concerns that trade policy contribute to improved environmental protection and promote core labor standards.
- And we believe the network of trade agreements, and the economic ties they create, give nations a greater stake in the stability and prosperity of their neighbors, and therefore strengthen peace.

Open trade and open trade policy have led to very positive developments. Let me highlight four areas:

Growth and Rising Living Standards: The opening of world markets has helped to spark what is in effect a fifty-year boom, in which trade has expanded fifteen-fold, world economic production grown six-fold and per capita income nearly tripled. The WTO, and its predecessor, the GATT -- which created a forum in which countries negotiate agreements to reduce trade barriers and establish fair trading rules -- have contributed importantly to this economic growth.

Economic Security: In the Asian financial crisis of 1997-99, with 40% of the world in recession, the respect WTO members had for their commitments to lower tariffs kept open the markets necessary for affected nations to recover. Thus the system of mutual benefit and rule of law represented by the WTO helped prevent a cycle of trade protection and retaliation like that of the 1930s; and ultimately to avert the political strife that can erupt in economic crisis.

Strengthening the Rule of Law: Our trade negotiations in the WTO have promoted a rules - based approach to trade, so critical to commercial predictability. The hallmark principles of the WTO of openness, transparency, and nondiscrimination are designed to ensure that our companies and workers are treated fairly in the international trade, and that even the smallest member countries of the WTO have the same right to take advantage of WTO rules as larger countries.

Peace and Stability: As new members have joined the system, the GATT and now the WTO have helped us address some of the political challenges of greatest importance for world peace and stability. It helped to reintegrate Germany and Japan in the 1950s, and the nations emerging from colonial rule in the 1960s and 1970s. And it has now taken up a task of equal gravity, as after the Cold War, nearly 30 nations breaking with communist planning systems seek WTO membership to reform their economies and integrate with the world. The recently concluded China agreement is an example: by helping to develop and strengthen the rule of law within China - and by integrating China more firmly into the Pacific and world economies - we increase China's greater interest in peace and stability throughout the Pacific.

## BENEFITS OF TRADE TO WOMEN

Women have a great stake in these aspects of trade. First of all, we are part of the economic life of the nation, and our country as a whole depends more on trade than ever before. Last year the United States exported roughly a trillion dollars worth of goods and services -- everything from airplanes to music, wheat, computers and power plants. These industries support the jobs and livelihoods of tens of millions of American families. We imported even more -- clothes, coffee, telephones, and toys -- raising living standards here -- in particular for the poorest families, who must devote more of their income to food and clothing.

Women are increasingly employed in areas which depend on exports. In high-tech sectors, such as computers and office equipment, telecommunications and medical equipment -- all areas in which we have negotiated trade agreements -- women are a significant part of the workforce. Today, women-owned businesses employ nearly 24 million people. In fact, the growth of women-owned firms in the United States has substantially outpaced overall business growth in recent years, and many of these businesses

will turn increasingly to export markets. These markets present new opportunities for growth that women should embrace. Open trade promotes equal opportunity.

As consumers and family members, women benefit from the variety and competition trade offers. Fairly traded, competitively priced imports help stretch paychecks and raise the purchasing power of American families.

We also want to ensure policies that create opportunities for future generations. To maintain and improve our standard of living, we need to trade with the 5 billion people and many markets beyond our shores.

As citizens, it is in our interest to promote policies that forge bonds between neighbors and our trading partners around the world.

Trade will be still more important to us in the years to come. Trade is playing a larger role in our economy -- it made up about 10% of our GDP twenty-five years ago, and about a third of our economy today. The same thing is true all over the world -- nearly every country relies more today on the world economy and foreign markets for prosperity and the alleviation of poverty than ever before.

## OPPORTUNITIES FOR TRADE

I would like in the balance of my remarks to discuss some of the opportunities trade presents that are often overlooked in the public debate.

### 1. Trade and Development

First, greater opportunities for worldwide economic development.

A clear lesson of past decades is that participation in trade and the world economy helps countries to develop. Indeed, international trade has been one of the most dynamic forces for economic growth in the last 50 years, growing at almost 3 times the rate of domestic growth worldwide. A number of recent studies, including one undertaken by the WTO, conclude that openness to trade helps developing countries catch up with wealthy ones, and that the poor generally benefit from faster economic growth that trade liberalization brings. In the last fifty years, only one developing country, Botswana, has achieved rapid economic growth without rapid growth in manufacturing exports.

The fact is that nations which isolate themselves from trade tend to stagnate. It is instructive to compare Asian and African development policies over the last 30 years. Thirty years ago, African per capita income generally was higher than Asian income. While many Asian countries pursued outward trade policies, African countries established very high trade barriers. And the result has been devastating for Africa, where disparities in the distribution of income are the most extreme and per capita income is among the lowest in the world -- Africa's share of world trade has shrunk, during this period, depriving the continent of much needed revenues.

Another dramatic example of this has been the Korean peninsula: the Korean peninsula was one country fifty years ago, and today South Korea is one of the world's leading industrial powers; by contrast, North Korea, which tried to wall itself off from the world economy through a "self-reliance" philosophy, now suffers from chronic famine.

In so many ways, developing countries have the most to gain from increased participation in the world trading system:

- First, through more open trade, developing countries gain access to much larger markets, benefitting both consumers and producers. Consumers gain access to a larger choice of goods and services at much lower prices. Producers gain access to a wider range of inputs at lower prices while enjoying the opportunity to export to a global market.

- Second, increased trade provides developing countries greater access to life improving and life empowering technology, such as telecommunications, computers, and modern medicine.

- And third, active participation in the WTO ensures that small and medium sized exporters and small developing countries enjoy the same international rules of the road as larger countries and companies.

Trade can also play a significant role in empowering women in the developing world. As First Lady Hillary Rodham Clinton, put it in her June speech to the United Nations General Assembly Session on women "...women's progress depends upon economic progress." And case by case shows that trade and investment can be the most effective means to bring about economic progress worldwide.

There are two crucial elements here: first, countries must adopt policies that promote growth, opportunity, and investment and second, government programs and public/private partnerships can be enormously important to ensuring that women are poised to take advantage of the benefits of trade. The Grameen Bank project is an excellent example of such an initiative. Since 1976, Grameen has provided small loans in developing countries, mainly to illiterate women, to set up the smallest imaginable enterprises. While originally allowing women the opportunity to sell their products for profit in domestic markets, Grameen women now export their products worldwide in retail magazines, on U.S. Airlines, and even on the Internet. Grameen has helped women to reduce poverty and improve their lives.

Our challenge is to ensure that the poorest countries enjoy the benefits of trade and we are committed to seeing that they. The U.S. has enacted programs that offer developing countries special duty free access to our markets. These include the Generalized System of Preferences; the recently broadened Caribbean Basin Initiative; and the historic African Growth and Opportunity Act, which was enacted this spring.

As we proceed with these initiatives, we supplement them with a strong technical assistance and capacity-building program that helps the least developed countries to develop familiarity with our programs and the World Trade Organization, to use market access programs and assert their rights.

While trade expansion is essential for development and growth, trade policy alone can never be enough. Ultimately, countries largely control their own destinies.

Trade policy can create new opportunities, but can never substitute for effective domestic policy or for financial stability. It must be coupled with appropriate domestic policies - core investments in education, basic health and infrastructure, the establishment of stable financial systems; and the right balance of international assistance and development policies.

2. Social Justice The second challenge is to ensure that trade policy plays a part in ensuring economic

growth is accompanied by a rising quality of life.

Just as we have seen in the U.S. that economic success and environmental protection can proceed in tandem, we seek to ensure that trade expansion contributes to improved environmental protection at home and abroad. Indeed, President Clinton has done more to advance environmental interests in international trade fora than any other U.S. President or foreign leader, and the White House Declaration on Environment and Trade enshrines this commitment.

Let me mention a few examples. The Clinton Administration fought for and won important advances relating to the environment in the World Trade Organization, including insisting that sustainable development be recognized as a core objective in the WTO. We have committed to conducting environmental reviews of key trade agreements and have already conducted environmental reviews of the North American Free Trade Agreement (NAFTA), and the WTO Uruguay Round Agreements, and we now have underway environmental reviews of the Jordan Free Trade Agreement and the Free Trade Agreement of the Americas (FTAA).

Trade can also complement and support our initiatives to build respect for internationally recognized core labor standards. We have sought to promote respect for these core labor rights through incentives established in trade preference programs, such as the General System of Preferences, the Caribbean Basin Initiative and African trade act; in our efforts in the WTO and International Labor Organization; and through the substantial technical assistance we provide many countries in this area.

And we are working to ensure that international trade institutions are open and accessible to citizens. The President has been a leader in this area in insisting that international trade organizations be open to public scrutiny.

### 3. Strengthening Peace

Finally - and at the heart of trade policy for half a century - is the contribution that trade policy and agreements can make to a more stable and enduring peace.

Again, recent passage of the China agreement will work toward this end. As a result of China's WTO commitments, China will be integrated more firmly into the Pacific and world economy giving it a greater stake in peace and stability in the region.

I recently had the opportunity to travel to Hungary for a conference on Southeast Europe and the WTO, bringing together some of the nations that suffered most from the Balkan Wars of the past decade: frontline states like Romania, Albania and Bulgaria, whose economies and domestic reforms have been set back by the disruption of commerce and the burden of refugees; nations like Bosnia and Croatia, which have endured far worse. I cannot tell you how much hope and faith these countries put in open trade policies and in membership in the WTO in securing growth and investment, promoting the rule of law and reinforcing democratic reform. As the dynamic woman minister from Albania, Ermelinda Meksi, recently stated, WTO membership "will promote peace and encourage good governance. Trade...will stimulate greater productivity establishing employment and sound environmental policies, greater productivity and economic growth."

We are now negotiating a free trade agreement with Jordan, where our objective is to help to promote peace in Middle East. Through this agreement, we seek to create new opportunities for Jordanians, promoting stability and undergirding the peace.

In closing, as important as trade is to economic well being, we should not neglect the contribution of trade to peace. As President Franklin Roosevelt's Secretary of State Cordell Hull once said, "When goods do not cross borders, armies do." We would do well to remember the heroism and sacrifice of the WWII generation, the reasons President Roosevelt put these policies in place, and the contribution of trade to peace and prosperity over the last 50 years. But most importantly, we must remain committed to sound trade policy, recognizing the continuing role it will play to increased prosperity around the world while helping to create new opportunities in our global era.

Trade touches each of our lives in many ways. And I hope each of you in your own way will seize the opportunities trade presents, individually, and in a broader sense to help the world find its way to prosperity and peace.

Thank you very much and I look forward to answering your questions.

## **FLORIDA'S INCREASING STAKE IN WORLD TRADE**

Ambassador Susan Esserman

Deputy U.S. Trade Representative

The Greater Miami Chamber of Commerce

Miami, Florida

October 4, 2000

Thank you very much. It is my great pleasure to be here at home in Miami. My work on trade issues has taken me to many places around the world. But there is nowhere that I enjoy visiting more than the beautiful city of Miami.

We are meeting at an historic moment in American trade policy - as, in Washington, the President signs legislation to normalize our trade relationship with China; as our negotiators here in Miami work toward an agreement creating a Free Trade Area uniting the democratic nations of the Western Hemisphere; and as we work to expand the benefits of the Caribbean Basin Initiative.

### **USTR AND U.S. TRADE POLICY**

Let me begin, however, with a brief introduction of our agency and our work.

The Office of the U.S. Trade Representative is one of the smallest agencies in government, with fewer than 200 permanent staffers and a budget of \$24 million. With this we address nearly \$2.5 trillion in U.S. trade with the world; we carry out the President's trade negotiating goals at the WTO, in the Americas and in each part of the world; we monitor and enforce our network of international trade agreements, from very large multilateral agreements like those concluded through the World Trade Organization, to very specific and targeted ones like the opening of China to Florida citrus exports; and we develop the agenda of the future. As we carry on our work:

- We expand export and job opportunities for American farmers, working people and businesses by negotiating agreements to open markets and reduce trade barriers, and by promoting American goods in foreign markets.
- We safeguard Americans against unfair trade practices at home and abroad by negotiating fair trade rules and enforcing our trade laws.
- We bring home to America the benefits of the agreements we negotiate by rigorously monitoring and enforcing them.
- We infuse the world trading system with the hallmarks of the American legal system -- rule of law, transparency and due process -- and with contemporary concerns that trade policy contribute to improved environmental protection and promote core labor standards.
- And we believe a network of trade agreements, and the economic ties they create, give nations a greater

stake in the stability and prosperity of their neighbors, and therefore strengthen peace.

Trade policy is thus a critical element in both President Clinton's domestic economic strategy, designed to create opportunity, equity and a rising standard of living at home; and part of the foreign and security policy agenda, as we seek to build prosperity and a stronger peace.

## **THE TRADE AGENDA**

The principles the Clinton Administration brought to trade policy are based on American trade policies dating back to the era of President Franklin Roosevelt. But as President Clinton himself observed in setting out his trade agenda in 1993, trade policy would have to be reshaped, for a world fundamentally changed:

- -The revolution in science and technology was changing commerce, work and daily life before our eyes - making distance inconsequential and interdependence and integration a fact of life.
- The domestic debate on trade policy was growing more intense as trade became more important to the economy, meaning that all our initiatives would proceed under unprecedented scrutiny.
- The world's political landscape had been irrevocably transformed. With the end of the Cold War, and the resulting reduction in political and military tension, economics and trade became more central to relationships between nations.

These are the challenges we have responded to. In these years we have concluded nearly 300 separate agreements, including eight of historic nature - the North American Free Trade Agreement in 1993; the Uruguay Round which created the World Trade Organization in 1994; the WTO's 21<sup>st</sup>-century agreements of 1996 and 1997, opening open markets for information technology goods, financial services and basic telecommunications; duty-free cyberspace agreement; and more recently the landmark bilateral market access agreements with China and Vietnam in 1999 and 2000.

We have launched more than 100 enforcement actions, ensuring that our trading partners meet their commitments.

Together with the Congress, we have passed five major pieces of trade legislation that have opened foreign markets and reformed our own trade regime. The most recent, of course, is permanent Normal Trade Relations with China; and we can also cite the strengthening of our trade relationship with Africa, and the expansion of the Caribbean Basin Initiative, for which Florida's Congressional delegation, and Senator Graham in particular, deserve great credit.

We have opened markets and sought to achieve our goals through a combination of multilateral, regional, and bilateral trade agreements. At the core of our work is our negotiations in the World Trade Organization. The WTO is a forum in which we negotiate agreements with 137 members to lower trade barriers and establish fair and predictable trading rules, and which has a dispute settlement system that enables us to enforce our rights.

And through the WTO, we have taken up the post Cold War task of helping nearly 30 nations break with failing communist planning systems and seek WTO membership to reform their economies and integrate with the world.

We complement this work with initiatives in virtually every region of the world. The most ambitious and far reaching -- and of most significance to Florida -- is our work in this hemisphere. The key components

are the North American Free Trade Agreement, the recently enhanced Caribbean Basin Initiative, and the negotiations toward a Free Trade Agreement of the Americas.

### **North American Free Trade Agreement (NAFTA)**

NAFTA has already changed economic relations in North America fundamentally and for the better. While I recognize there are reservations about the NAFTA, it is important to look at the facts showing its important benefits. Since the US-Canada Free Trade Agreement, our trade relationship with Canada has been the largest two-way goods trade relationship anywhere in the world. And since 1993, when this agreement was broadened to include Mexico, our trade with Mexico has grown at a truly astonishing rate, from \$76 billion in 1993 to nearly \$200 billion in two-way trade last year, making Mexico our second largest trading partner.

More broadly, NAFTA's strength during the peso crisis helped ensure Mexico's rapid recovery and has contributed to Mexico's ongoing political reform. More recently, it helped farmers and manufacturing workers in all three countries avoid the worst of the consequences of the Asian financial crisis. During this period, our substantial increase in exports to Mexico helped offset the decline in exports that the U.S., including Florida, experienced during the financial crisis.

In short, NAFTA has provided growth and greater opportunities for all of the countries involved.

### **Caribbean Basin Initiative (CBI)**

This week, the President announced the implementation of the enhanced Caribbean Basin Initiative, which will expand the range of Caribbean products eligible for duty free access to the U.S market. This will strengthen our trade relationship with the region, building upon the benefits of the existing CBI program. Originally launched in 1983, the CBI has already played an important role in diversifying and stabilizing the economies of the region. And we in the U.S. have benefitted as well through our ability to export to a wealthier and more stable region as well and in the fundamental sense of a more peaceful region.

### **Free Trade Agreement of the Americas (FTAA)**

The Free Trade Agreement of the Americas (FTAA) represents a dream nearly two centuries old but not yet fulfilled - an integrated western hemisphere, united in democratic ideals and shared prosperity. Drawing ideas from and building on the success of CBI together with NAFTA, Mercosur, CARICOM, and the Central American Common Market - this was President Clinton's central aim in convening the first Summit of the Americas here in Miami six years ago. At that summit, President Clinton and the leaders of 33 nations took a bold step toward making this dream a reality agreeing to launch and conclude the Free Trade Area of the Americas by 2005.

Our negotiators have been meeting here in Miami since the formal launch of the negotiations in Santiago two years ago. At each stage of the process, we have balanced negotiations with practical business facilitation initiatives to ease commerce and create economic benefits even before the negotiations are completed -- for example, ensuring that each country posts visa and customs requirements on the Internet and streamlining customs procedures for express shipments and commercial samples. In the negotiations themselves we have proceeded methodically and deliberately through each preparatory step; keeping to the schedule set for us by the Summits; and meeting each deadline along the road to the completion of the FTAA no later than 2005. Miami has been at the center of this work, with negotiating teams meeting here week in and week out. Indeed, as all involved will tell you, the Miami and Florida community have showed extraordinary generosity in hosting the FTAA negotiations for the last two and half years. And by

the end of this year, we will conclude for delivery to the next administration and the Third Summit of the Americas in Quebec next April, the first formal draft texts of the principal chapters of the agreement, laying a strong foundation for conclusion of the agreement.

This is an initiative of extraordinary scope and promise for Miami - setting the city at the very center of an open, growing and prosperous hemispheric economy; and accelerating the integration that has already brought such remarkable investment growth and trade opportunities to South Florida. Florida is already the gateway to Latin America and the Caribbean. Incredibly, about half the U.S. exports to the region and one third of U.S. imports from the region go through Florida's ports and airports. With the completion of the FTAA, this trend will only intensify. Currently only 6 percent of U.S. exports go to countries of the FTAA, that is excluding Canada and Mexico. With a combined population of approximately 800 million and the lowering and elimination of trade barriers across the region and all sectors that will take place under the FTAA, the potential for growth is immense. A look at Brazil alone --South America's most populous country-- demonstrates this potential. Though it is Florida's largest trading partner, Brazil still maintains an average tariff of 13 percent and an array of other trade barriers. Completion of the FTAA will not only go a long way toward opening Brazil's market to more Florida exports - it will open all FTAA countries to more exports from the entire U.S.

### **THE RESULTS: BUILDING PROSPERITY AT HOME**

And the results of this and our broader trade policy is greater prosperity at home. Since 1992, trade, together with fiscal discipline and strengthened support for education, has played a central role in America's recovery of confidence and economic health.

Over the past decade, the cumulative effect of the trade agenda has been the creation of a far more open and law-abiding trading world. Our agreements have cut world tariffs by more than a third, and virtually eliminated them on high-tech information technology products - computers, semiconductors, telecommunications equipment and related goods -- that are among Florida's largest exports. We have placed industrial quotas on the road to elimination and imposed stricter checks on foreign subsidies. We have opened markets in areas of special competitive importance to the United States. And through NAFTA and more recently the CBI enhancement, we have cemented our economic relationship with America's closest neighbors and largest trading partners.

And in this more open world, Americans are succeeding. Over eight years, U.S. exports have expanded by 74%; in Florida, exports have risen by \$8 billion, in fields ranging from high technology to agriculture, services and more. The result is tangible new opportunities for people on the job and on the farm throughout the United States. To cite just a couple of local examples:

- Until this year, Florida's orange growers were barred from selling their crops in China. As a result of the Agricultural Cooperation Agreement we negotiated with China in 1999, China bought over 6 million kilos

of U.S. oranges in the first six months of 2000.

- -As a result of the EU's commitment in the WTO Uruguay Agreements to lower substantially its tariff in orange juice, Florida's exports of orange juice to Europe doubled in a short period of time.
- In the early 1990s, medical equipment firms found Japan one of the world's most difficult markets to reach; Florida's companies now sell \$200 million a year worth of these high-value goods in Japan, part facilitated by our negotiations with the Government of Japan.
- - As a leading exporter of computers, semiconductors and telecom equipment, Florida has been a beneficiary of the Information Technology Agreement (ITA), which eliminated tariffs on information technology products.

On a national scale, this export growth has made up one fifth of America's overall growth since 1992. At the local level, it has helped Americans find better and higher-paying jobs, as jobs related to goods exports pay on average 13-16% higher than other jobs. Thus, as America has created jobs, the opening of trade has helped make sure Americans also have better jobs.

Equally important, though less often recognized, are the benefits we draw from a more fully open domestic economy. Over the past eight years, we have reformed our own trade regime -- nearly eliminating non-tariff barriers like industrial quotas, and abolish tariffs on over two thousand types of goods. This has helped make businesses more efficient; kept inflation low as the longest continuous economic expansion in our history continues; broadened consumer choice and raised living standards, especially for America's poorest families.

And what is perhaps least remarked, but of great significance, is the contribution the stronger trading system embodied by the WTO has made to economic security and stability. Not only has it opened markets, it has also created stronger and more enforceable rules to keep them open. The importance of this was very clear during the financial crisis of 1997-1999. WTO binding commitments not to increase tariffs prevented countries facing economic crisis from resorting to tariff hikes and protectionism which was so disastrous during the 1930s. Because world markets remained open, some of Florida's largest trading partners -- Brazil and Argentina as well as the East Asian countries -- were able to recover more quickly; and this in turn helped to protect Florida's farmers and businesses.

The WTO has also made a contribution to peace and security. The recently concluded China agreement is an example: by helping to develop and strengthen the rule of law within China - and by integrating China more firmly into the Pacific and world economies - we increase China's stake in peace and stability throughout the Pacific.

## CONCLUSION

In sum, the work of trade policy over the last eight years has left us a more prosperous country - creating new opportunities for Floridians in every field, and giving families here in Florida and throughout the country greater choice and better prices. We are in a stronger economic position, with our economy rated over the past few years as the most competitive in the world.

As we look to the new decade, we have set the foundations of an agenda as demanding, and as rewarding, as the one President Clinton opened in 1993: one which will ultimately place Miami at the center of an open, prosperous and democratic Western Hemisphere. And Americans will take it up with remarkable advantages: a healthier economy, a more confident public and a stronger nation.

Let me close there, and I thank you very much.

# **TRADE, DEVELOPMENT AND WOMEN'S EMPOWERMENT**

**Ambassador Susan Esserman**

**Deputy U.S. Trade Representative**

**International Summit on Women**

**South Africa**

**October 7, 2000**

Thank you very much. It is a privilege to be here with each of you today as we discuss ways in which women, both here in Africa and around the world, can more fully participate in and enjoy the benefits of international trade. I am here today because I strongly believe that open trade policies and agreements play an important role in stimulating economic growth which presents powerful opportunities for women around the world. I am equally convinced that, while trade can be this dramatic force for economic and social progress, it is by no means inevitable that opportunities created by trade growth will be equitably distributed. Empowerment of women through trade will occur only if women have access to the opportunities generated by trade and to the technologies available in the new global information economy. Last night, South Africa's Deputy President Jacob Zuma emphasized how important it is to prepare women for the fast changing global economic order. Trade is a part of that new order.

## **THE ROLE OF TRADE POLICY IN ECONOMIC DEVELOPMENT**

Trade policy and agreements, through the promotion of economic development, can play an important role in increasing opportunities for women around the world. A clear lesson of the past decades is that participation in trade and the world economy helps countries to develop. Over the past 50 years, trade has been one of the most dynamic forces for economic growth. In part, as a result of trade agreements, which have substantially reduced tariffs and other trade barriers worldwide, trade has expanded fifteen fold, economic production has grown six-fold, and per capita income has nearly tripled.

A number of recent studies conclude that openness to trade helps developing countries catch up with wealthier countries, and that those in poverty generally benefit from the faster-paced economic growth that trade liberalization brings. During the last fifty years, only one developing country, Botswana, has achieved rapid economic growth without rapid growth in manufacturing exports.

History has shown us that nations that isolate themselves from trade tend to stagnate. As Southeast Asia,

Central Europe and Latin America opened to the world, they grew more rapidly, reduced poverty and built more stable, peaceful regions. By contrast, South Asia, the Middle East and Africa, where trade barriers remain highest, have reduced poverty more slowly.

It is interesting to compare, for example, Asian and African economic policies of the past several decades. Thirty years ago, African per capita income generally was higher than Asian income. While many Asian countries pursued outward trade policies, African countries established very high trade barriers. And the result was devastating for Africa, where disparities in the distribution of income have been the most extreme and per capita income is among the lowest in the world - Africa's share of world trade shrank during this period, depriving the continent of much needed revenues. Today, however, open trade and economic policies are being embraced by many African nations and we are seeing a new beginning for Africa.

Let me clarify what I mean when I talk about open trade policies and agreements. It means the negotiation of agreements to lower tariffs and other trade barriers. This promotes exports by making products more competitive and more affordable and thus leads to new and better paying jobs. It also creates equal opportunities and a level playing field, particularly for small and medium sized companies who might otherwise not be able to sell to export markets.

These agreements also give our people access to a wider choice of goods at lower prices. These include food, clothing, and other basic necessities which account for the lion's share of expenses of the poor. For example, India's recent agreement to abolish import quotas means that for the first time in fifty years, its vast population can have access to a wide range of affordable consumer goods. These agreements also establish fair trading rules, helping to ensure that our companies and workers are safeguarded against unfair trade practices.

Further, trade agreements and the world trading system give nations a greater stake in the stability and prosperity of their neighbors, and therefore contribute to strengthening peace.

## **TRADE POLICY AND WOMEN'S EMPOWERMENT**

Trade can also play a significant role in empowering women in the developing world. As First Lady Hillary Rodham Clinton put it in her June speech to the United Nations General Assembly Session on Women, "...women's progress depends upon economic progress." And experience has shown that trade and investment have been one of the most effective means to bring about economic progress worldwide.

Trade, therefore, is essential for development and can be empowering to women. For successful development to occur, however, economic benefits must extend to women, who comprise approximately two thirds of the world's poor.

Four key elements will influence whether trade benefits are broadly shared by women: First, trade policy can create new opportunities, but can never substitute for domestic policy or financial stability. Governments need to make public investments with particularly high social returns, especially girl's education and basic health services, including immunization of all children. Governments must also promote an effective rule of law through good governance, transparency, and support for the emergence of a healthy civil society.

Experience also tells us that as important as the larger national economic policies may be, it is equally

clear that where girls are unable to attend school, or women farmers and small business operators cannot find the credit to start businesses or the technologies that help them reach customers, development is slow and difficult. And on the contrary, when girls are in school, when women with a good idea can find the credit to develop it and have the same access to telecommunications and computer networks that major companies enjoy as a matter of course, development is more rapid, stable, and sustainable.

Second, developed countries must ensure that the poorest countries enjoy the benefits of trade through programs that offer developing countries special duty free access to their markets, such as the United States' Generalized System of Preferences program, the Caribbean Basin Initiative and the Africa Growth and Opportunity Act. They should also offer strong technical assistance and capacity-building programs that help less developed countries to develop familiarity with trade programs and agreements and assert their rights.

I would like to focus in particular on the Africa Growth and Opportunity Act (AGOA), truly historic legislation that elevates the importance of in U.S. -Africa economic relations. Developed in consultation with African countries, the Act reflects the strong commitment of President Clinton and the United States to Africa's economic development. The Act permits eligible African countries to export essentially all products into the U.S. duty and quota free.

African women and their associations throughout the continent, such as Women's Development Enterprise in Africa, Africa Centre for Women, and the 1998 International Conference on African Women and Economic Development have helped Africa and the world to better understand that sustainable economic growth in Africa depends upon empowering women. I applaud the women of Africa for the effective, energetic manner in which you have made your voices heard and your presence felt in politics, policies, and the fight against poverty. The linkage between opportunities for women and Africa's economic development was taken into account in both the development and implementation of the African Growth and Opportunity Act. In fact, the Ghanaian-based African Federation of Women Entrepreneurs was among the first African NGOs to endorse AGOA.

I am pleased to share some of the opportunities for women that I believe the Africa Act presents:

- Benefits derived from duty/quota free access for apparel products are perhaps the most immediate and promising benefits from the Africa Act. Seventy percent of Africa's apparel production is made by women. In anticipation of the Act's passage, two U.S. investments in Madagascar have already put thousands of Malagasy women to work. As a result of the Act, a U.S. investor recently opened an apparel factory in Malawi. Nigeria also is in the process of developing an apparel export processing zone. All of these investments afford potential investment and employment opportunities to women.
- The Africa Act also includes potential opportunities for preferential access to the U.S. market for Africa's agricultural and food-processing products, such as cassava, tomatoes, pineapples, oils, flour, nuts, avocados, jams and jellies, and other products. The agriculture sector employs about 80 percent of Africa's female work force; women occupy 90 percent of Africa's food processing sector. Growth in agriculture and food processing should result in a simultaneous growth in opportunities for women.

Third, governments, businesses and NGOs alike can play an important role in ensuring that the benefits of trade reach women. We must work actively to make a broader segment of our populations aware of trade

programs and initiatives - including through education and training, the promotion of employment and leadership opportunities for women, and mentoring. Gracha Machel spoke eloquently to this last point. We, as governments, should involve women more fully in our trade missions and trade policy debates. Innovative public - private and community based projects, such as microcredit and telecenters, have also had a substantial impact.

Fourth, we must make sure women have the opportunity to benefit from the information technology revolution. As UNDP Administrator Mark Malloch Brown declared, "information and communication technologies can do more to help the poor, the isolated and excluded, than nearly any other tools currently available."

Use of new information and communication technologies such as the Internet is one of the most important ways to reach the global market. Women owners of small and micro enterprises can now exchange information on supply and demand, market prices, micro credit, and - in short - use computers and the Internet as a modern tool for marketing traditional handicrafts, textiles, and agricultural products. Already throughout the developing world, we are seeing numerous examples of how the Internet is proving to be a powerful tool in competing in local markets, and its enormous potential for allowing women to compete in the global market as well. Information and communication technologies can also promote critical social goals by, for example, enabling women and families in remote regions to receive critical health and education services, which they otherwise might not receive.

It is important that governments proceed on two fronts in this area: first, that we support good regulatory and trade programs that avoid unnecessary barriers to electronic commerce and the internet; and two, that we launch initiatives that ensure the poor receive its benefits. Many countries have interesting initiatives in this area such as the South African program for high tech women entrepreneurs mentioned last night.

In the U.S., for example, through the Internet for Economic Development Initiative, the U.S. Agency for International Development (USAID) has connected more and more people in developing countries to the Internet. In Guinea, women are using those lines to track small enterprise loans for their business and commercial ventures. In Uganda, USAID has provided computers, internet portals, and training to connect a Kampala based organization of professional women. In another country, one woman has used the net to sell handmade baskets and spends the proceeds to help children orphaned by AIDS, an example of how technology can transform the way in which business is conducted.

## CONCLUSION

Trade policy can offer women a set of rules that create stronger guarantees of fairness and equal opportunity, new concrete opportunities for women farmers, artisans, entrepreneurs and business operators; and new means of capitalizing on the world's emerging high-tech economy.

But we also must recognize that much work lies ahead. Ensuring women receive the full benefits of trade and trade agreements can only be achieved if we work together, as government officials, as members of the business and NGO communities, and as individual women.

# **"THE BENEFITS FOR AFRICAN WOMEN OF THE AFRICAN GROWTH AND OPPORTUNITY ACT"**

## **AN ADDRESS TO SOUTH AFRICAN WOMEN**

**SUSAN G. ESSERMAN**

**DEPUTY UNITED STATES TRADE REPRESENTATIVE**

**OCTOBER 9, 2000**

Good morning. Thank you all for coming. Let me begin by saying that the United States is deeply committed to its relationship with Africa and its people. President Clinton made African development a centerpiece of US Government policy when, in 1997, he announced a new partnership for African economic growth. He confirmed his commitment when, in 1998, he made an historic trip to the continent and then followed up with a second in August of this year. He took another major step when, earlier this year, he signed into law the first US trade bill for Africa, the historic African Growth and Opportunity Act (AGOA). And just last week, President Clinton announced that South Africa will be included among the first countries eligible to receive benefits under AGOA.

The Act opens a new era in US-African trade relations. It elevates the importance of our trade relationship, substantially opens the American market to African goods and establishes the highest level policy dialogue. We are focussed on increasing our trade and investment links with Africa, because we believe that is only through such increased trade and investment that the continent will develop sustainable economic growth.

Particularly important to the goals of the AGOA is ensuring that its benefits are realized by women. One of the reasons I came to South Africa - to attend the Global Summit on Women, and meeting with all of you - is my strong belief that trade can play a significant role in empowering women in the developing world. As First Lady Hillary Rodham Clinton put it in her June speech to the United Nations General Assembly on Women, "...women's progress depends upon economic progress." And experience has shown that trade and investment have been one of the most effective means to bring about economic progress worldwide.

Today, the U.S. trade relationship with South Africa is the strongest and most diversified we have on the African continent - and it is a model for the relationship we see ahead for the democratic and developing Africa of this new century. Since 1993, our two-way trade has grown by more than \$2 billion, with especially rapid growth in manufactured goods and services. American investment in South Africa has nearly tripled, rising from \$900 million to nearly \$2.5 billion. South African exports to the U.S. have been climbing steadily and have increased by about 60 percent since 1994.

Although the U.S.- South African trading relationship is a strong one, it still represents only a small portion of U.S. trade worldwide. The Act presents an enormous opportunity to strengthen this relationship.

It will lead to increased exports and a wider range of exports to the U.S. and could mean thousands of jobs for South Africa. Some South African industries estimate that jobs could increase by 30 percent in the early years of the Act's implementation. It is our profound hope that women will share in the benefits of AGOA.

### THEMES OF AGOA

AGOA dramatically opens the world's largest market to goods produced by African entrepreneurs. It does so by allowing certain clothing products and potentially thousands of other goods from eligible African countries to enter the U.S. duty free for the first time.

Under AGOA, no other region in the world will have better access to the U.S. market than Africa, aside from a handful of countries that have Free Trade Agreements with the U.S. AGOA's duty free benefits give African businesses a competitive advantage over most of the world's businesses in selling goods to the U.S. market.

Among other benefits, the Act provides for technical assistance to strengthen the trade and investment regimes in African countries; the Act established \$500 million in equity and infrastructure funds for Africa. The Act also calls for strengthening ties between African and U.S. non-governmental organizations, private sector firms as well as governments.

Because of these advantages, I believe the Act will significantly increase U.S. - African trade and investment. Exports of agricultural and manufacturing goods and apparel products could rise by billions of dollars. These new exporters will need increased labor, services and materials. Taken together, the tremendous potential growth in export oriented businesses and their suppliers could contribute substantially to Africa's economic growth. The Act will also stimulate new investment, generating job creation, skills enhancement, and the transfer of new technologies to Africa.

### WOMEN AND AGOA

Of course, the benefits of AGOA are available to any business in an eligible African country. I wanted to conduct a seminar specifically focussed on women because I want to make sure women - as employees, managers or owners of export businesses or suppliers to export companies - were aware of the Act and poised to take advantage of its benefits. In countries throughout Africa, women are the backbone of the economy. But few of them are trading in the global market place.

In drafting the Act, Congress recognized the important role women could play in achieving the Act's objectives. The Act itself mandates that the United States Government should work towards "strengthening and expanding the private sector in Sub-Saharan Africa, especially enterprises owned by women." It is a priority for the U.S. Government to reach out to African women in the hope that they may take advantage of the Act's benefits.

For women owned businesses and women in businesses already trading internationally, AGOA offers a tremendous opportunity to expand their exports to the U.S. For the many other women in businesses that have not yet been involved in exporting, AGOA offers a highly competitive way for them to enter the U.S. market for the first time.

AGOA should also help the many women employed in industries that have traditionally relied on female labor, such as apparel. The Act, as I mentioned before, allows certain apparel products to enter the U.S. for the first time on a duty-free basis, giving African apparel providers an average 17.5 percent duty advantage over other suppliers to the U.S. market. The apparel sector in most countries disproportionately hires female workers. In South Africa, estimates are that women make up over 90 percent of the workers in clothing manufacturing. The new jobs that could be created in this sector by AGOA therefore are particularly likely to benefit women.

And in the apparel sector, the Act has already spurred investment on the continent. In anticipation of the Act, U.S. investments in Madagascar have already put thousands of Malagasy women to work. A U.S. investor recently opened a factory in Malawi. Nigeria is in the process of developing an apparel export processing zone. I understand that South African apparel firms have placed substantial new orders.

Beyond this, there are numerous women-owned businesses that focus on clothing products. For example, Balu Design Center in Cape Town is a successful women-owned business producing clothing for niche markets. Under AGOA, these businesses may now have the opportunity to export their products to the U.S. with a substantial advantage over their competitors.

Similarly, the Act has special provisions to allow handicraft goods to enter the U.S. market duty-free. As we all know, much of the handicraft industry - for example, the making of crocheted sweaters or beaded apparel - is dominated by women. These women could now have the chance to sell their products to American consumers, who have traditionally taken a special interest in ethnic products.

The Act also includes potential opportunities for preferential access to the U.S. market for Africa's agricultural and food-processing products, such as cassava, tomatoes, pineapples, oils, flour, nuts, avocados, jams, and jellies and other products. The agricultural sector employs about 80 percent of Africa's female work force - including 10 percent in South Africa. Women occupy 90 percent of Africa's food processing sector jobs. Growth in agriculture and food processing should result in a simultaneous growth in opportunities for women.

All of these developments can empower women. And we know that when women are economically empowered, they educate girls as well as boys; they support villages and empower communities. According to a report by the Economic Commission for Africa, "consumption patterns tend to be more child focussed (including higher school enrolment and completion rates) and more heavily-oriented to meeting basic household need" when women have more control over incomes and resources. But in order for the Act to have the effect we hope to achieve, it is critical that women entrepreneurs like yourselves take up these opportunities.

#### U.S. GOVERNMENT OUTREACH

Given the special role we see women playing in AGOA, the United States Government is making an extra effort to reach out to women in Africa to explain the benefits of AGOA. In seminars like this one, we are explaining the Act and encouraging women across the continent to take advantage of its opportunities.

Beyond simply explaining the Act, we also want to help make the U.S. market more accessible to African women traders and entrepreneurs. The U.S. market is the largest in the world. Because of its size, it is difficult in some ways to penetrate. However, also, because of this size, the prospects for financial rewards

are great. To enter the U.S. market, linkages with U.S. businesses and importers are key. In recognition of the critical role these connections play, the United States Government has helped foster these ties by bringing numerous U.S. business people to South Africa and South African businesspeople to the U.S.

For example, Assistant Secretary of Commerce Marjory Searing was here last week leading a group of U.S. businesswomen to meet their African counterparts and explore possible linkages and business opportunities. Similarly, in September, the United States government funded the visit of a group of South African businesswomen to the U.S. to meet with Americans interested in trading with Africa.

Through our U.S. Agency for International Development program, we also actively promote business connections between women-owned businesses in South Africa and in the U.S. For example, through the SAIBL program, we assisted a South African women business owner in obtaining standards training and then attend a motor show in Las Vegas. As a result, she secured a 7.5 million Rand contract as a preferred supplier to the Ford Motor company. In another example, we sponsored eight South African women to attend a trade mission to Pennsylvania. As a result, three have secured contracts with U.S. companies.

### AGOA AND SOUTH AFRICAN WOMEN

At the Global Summit of Women last week, in meetings with African trade missions that have come to the U.S., and in my last visit to Africa, I have met many vibrant and energetic South African business women who are seeking new ways to expand their businesses. Increasing ties with African women is a critically important objective of the Act and we will look to creative ways to accomplish that goal.

We believe that participation in trade and AGOA, in particular, presents important opportunities for South African businesswomen and women workers. We will continue to work with you to ensure that you are best poised to take advantage of the Act's benefits.

Thank you.

**SOUTHERN AFRICAN TRADE AND INVESTMENT SUMMIT**

**WINDHOEK COUNTRY CLUB RESORT**

**WINDHOEK, NAMIBIA**

**OCTOBER 9-11, 2000**

**"THE IMPACT AND SIGNIFICANCE OF THE AFRICAN GROWTH AND OPPORTUNITY  
ACT"**

**Ambassador Susan G. Esserman**

**Deputy U.S. Trade Representative**

**October 11, 2000**

I am very pleased to be here in Namibia at the International Herald Tribune Southern Africa Trade and Investment Summit. Let me begin by saying that President Clinton made African development a centerpiece of U.S. economic policy when, in 1997, he announced a new partnership for African economic growth. The depth of this commitment is reflected in his two trips to this continent. This commitment was codified and institutionalized by the enactment this year of the first U.S. trade bill for Africa, the African Growth and Opportunity Act (AGOA). And just last week, President Clinton took a major step in implementing the law by designating 34 countries, including 10 SADC countries, as eligible for AGOA benefits

The Act ushers in a new era of trade relations with Africa. It elevates the importance of our relationship with Africa, substantially opens the American market to African goods, and establishes the highest level policy dialogue with African nations.

Under AGOA, no other region in the world will have better access to the U.S. market than Africa, aside from a handful of countries that have Free Trade Agreements with the U.S. The Act dramatically increases --by nearly two thousand products - the number of African products eligible to enter the U.S. market on a duty-free basis. For the first time ever, certain African apparel products will be accorded duty free treatment, giving African apparel exporters an average 17.5 percent duty advantage over other suppliers to the U.S. market. More broadly, AGOA's duty free benefits give African businesses a competitive advantage over most of the world's businesses in selling goods to the U.S. market.

Among other benefits, the Act provides for technical assistance to strengthen the trade and investment regimes in African countries and establishes \$500 million in equity and infrastructure funds for Africa. The Act also calls for strengthening ties between African and U.S. non-governmental organizations, private sector firms as well as governments.

Because of all of these advantages, the Act will have the potential to increase significantly U.S. - African trade and investment. Exports of agricultural and manufacturing goods and apparel products could rise by billions of dollars. These new exporters will need increased labor, services and materials. The Act will also stimulate new investment, generating job creation, skills enhancement, and the transfer of new technologies to Africa-- all of which will promote growth and development in Africa.

The Act presents an enormous opportunity to strengthen and diversify our trade relationship with the countries of the SADC region. Expanded sales to the U.S. resulting from AGOA is likely to lead to greater trade among the SADC nations, as countries exporting directly to the U.S. rely on their SADC neighbors for critical inputs. Countries with efficient port facilities will also likely experience increased business activity as a result of expanded trade with the U.S.

There are two additional implementation steps that the U.S. Government must undertake. First, the President must designate additional African products eligible to receive duty free treatment. We are hopeful that essentially all products would be granted duty free treatment, but final decisions will be made by the end of this year.

Second, in order to be eligible for the apparel benefits, countries must develop an effective visa system. This system is required to prevent what is known as illegal transshipment.- that is when a country falsely claims that its product is made in an eligible African country. In devising these requirements, our Congress wanted to ensure that the benefits of the Act actually accrued to African countries and workers. With the completion of these two steps, the U.S. Government will have finished the work necessary to permit African trade benefits to flow.

It is important to understand that AGOA offers opportunities, not guarantees. The benefits that will accrue to each of the AGOA designated nations, including the SADC beneficiary countries, will depend on whether African companies are prepared to take advantage of the Act's benefits. The U.S. market is a complex one, and it will be important, in some cases, for African businesses to find the right U.S. partners who can help in tailoring products, assess niche markets, identify sources of capital and understand the specific requirements of the U.S. market.

It is also important that African countries work with their private sectors to ensure that they are aware of the Act's benefits and requirements. Indeed, a number of African governments are working closely with their private sectors to this end. The Office of the U.S. Trade Representative and our embassies have been active in explaining the requirements and benefits of AGOA to both governments and private sectors and we are prepared to assist in whatever way we can. We intend to conduct a number of regional seminars throughout Africa in the next few months for this purpose.

The Act has spurred companies to take a new look at Africa as a location for investment, and in fact, some companies have already made investments in anticipation of the Act's benefits. The extent to which this new investment occurs, however, depends on a number of factors.

Chief among them is whether a country has created an enabling environment for investment through, for example, adoption of market oriented economic policies, sound regulatory policies, and transparent and predictable legal processes and investment in telecommunications and other basic infrastructure. Indeed,

the criteria for eligibility for the Act's benefits are designed to promote adoption of these policies in Africa.

Another factor affecting investment with Africa is the extent to which a company sees its investment creating opportunities throughout the region -- in other words, whether a company's investment in an African country serves as a base to sell to the broader African market. Thus, integration and the reduction of trade barriers between African countries will enhance Africa's ability to attract investment. SADC's launch this year of a free trade agreement is a positive step. It is important that the integration efforts move forward as quickly as possible and that they begin to address non-tariff barriers as well. Regional integration, the Africa Act and broader participation in the world trading system are designed to create larger markets for countries' goods and clear and predictable rules, promoting commercial stability and ultimately spreading more broadly the benefits of the global economy to our peoples.

In sum, the Africa Act presents an unprecedented opportunity to strengthen and diversify the U.S.-Africa trade relationship, promoting growth and development on the continent. U.S. and African governments, together with their private sectors, should work in the spirit of partnership in which the Africa Act was conceived to ensure that the promise and benefits of the Act are realized.

Thank you.

## **ARRIVAL STATEMENT**

by

**Deputy U.S. Trade Representative Susan G. Esserman**

**Johannesburg, South Africa and Windhoek, Namibia**

**October 6 -11, 2000**

It is a pleasure to return to Southern Africa to continue the dialogue with leaders of the region. While here I expect to discuss a broad range of issues central to successfully meeting the challenges of economic revitalization and poverty alleviation in the region. In Johannesburg I will participate in the 10<sup>th</sup> Anniversary Global Summit of Women. It would be difficult to imagine a more timely subject or location to celebrate the first decade of this public/private partnership to focus on the interests and challenges common to women worldwide.

Economic growth is an essential component of sustainable reductions in poverty and we have only begun fully to appreciate the opportunities generated by the global economy and technological progress. This is especially true in Africa, which has struggled to participate in the progress to date. African women hold dynamic, yet often overlooked, potential for economic stimulus and business innovation. While economic growth can be a dramatic force for economic and social progress, it is by no means inevitable that there will be an equitable distribution of those benefits. I am anxious to use the discussions at this Summit to identify ways in which the private sector and governments can bring more of those opportunities to African women.

The United States, through President Clinton's Partnership with Africa, is committed to helping create those new economic opportunities on the continent. On October 2, 2000, the U.S. passed another milestone in that effort as we announced the designation of 34 African countries as eligible for benefits under the African Growth and Opportunity Act (AGOA). During my visit in South Africa, I will be meeting with Minister of Trade and Industry Alec Erwin and other officials of the South African Government as well as representatives of the private sector, regarding the opportunities now available as a result of this announcement. I will also discuss a range of other issues central to our expanding relations with the Government of South Africa including developments in the World Trade Organization and prospects for greater bilateral cooperation in the high technology sector.

I am also excited by the opportunity to expand our dialogue on AGOA as well as the challenges associated with economic reform and equitable development in my official visit to Namibia. I look forward to the opportunity to represent the United States in these discussions with President Nujoma and other Namibian government officials and to explore how President Nujoma's commitment to trade and economic development for all Namibians can be advanced. I applaud the opportunity created by the International Herald Tribune to present to all segments of Namibian society the new economic and business

opportunities created as a result of Namibia's designation as eligible for the benefits under AGOA.

## **THE WORLD BANK/ IMF AFRICA FORUM 2000**

### **OPENING RECEPTION**

**Ambassador Susan G. Esserman**

**Deputy U.S. Trade Representative**

**October 30, 2000**

[As Prepared for Delivery]

I would like to commend Dr. Sidi Jammeh and the Bank-Fund Africa Club for their leadership and foresight in organizing this second Africa Forum. In crafting your themes for this event, you have outlined an ambitious set of opportunities and challenges that confront African nations as they seek to maximize the benefits of globalization. A central element in successfully meeting those challenges can be summed up in one word-- partnership. It is a concept that is central to this forum and as President Clinton's message indicated, our commitment to Africa -- a partnership based on mutual respect and mutual responsibility. Through President Clinton's Partnership Initiative with Africa and the Africa Growth and Opportunity Act, the President has elevated as never before the importance of our relationship with Africa and opened a new era in US-Africa trade relations. The depth of the President's commitment is reflected in his two historic trips to Africa. The Africa Act -- to an unprecedented degree -- opens our market and extends the benefits of trade, investment, and technology to those African nations with resolve to create the internal economic, political and technological environments to utilize fully those benefits.

The objectives of the Africa Growth and Opportunity Act coincide forcefully with the themes of this conference-- putting a spotlight in the U.S. on Africa's commercial potential, encouraging reforms that create an enabling environment for investment and trade, and expanding our outreach to ensure that the benefits of the Act extend as broadly as possible to the African people, including women, small and medium sized businesses and micro enterprises.

I thank the Africa Club for the focus of this conference. This event couldn't be more timely -- as 34 African nations have become eligible for the Act's benefits and we seek to ensure that the private sector of Africa is poised to take advantage of the Act's benefits, and the American private sector and public become more aware of the potential and promise of Africa.

Finally, let me thank President Jim Wolfensohn and the World Bank and Managing Director Horst Kohler and the IMF for their leadership on Africa and for their support of the Africa Club and this conference.

**WORLD BANK GROUP - IMF AFRICA CLUB**

**AFRICA FORUM 2000**

**OCTOBER 30-NOVEMBER 4, 2000**

**WASHINGTON, D.C.**

**"THE AFRICA GROWTH AND OPPORTUNITY ACT - IN CONTEXT"**

**Ambassador Susan G. Esserman**

**Deputy U.S. Trade Representative**

**October 31, 2000**

It is a great honor to address the World Bank Group - IMF Africa Club's Forum 2000. I am particularly pleased that the organizers of this year's event have chosen to highlight the Africa Growth and Opportunity Act (AGOA) for its unprecedented potential to create and expand business opportunities in Africa.

It is well established that economic growth is essential to sustained poverty reduction, and we are only beginning fully to appreciate the contribution and opportunities offered by the global economy and technological progress to sustainable development. Over the last fifty years, the opening of the world economy has sparked a fifteen-fold expansion of global trade, a six-fold increase in world economic production and a tripling of per capita income. Unfortunately, few of those benefits have accrued to Africa. Until recently, its share of global trade steadily declined and its economies stagnated, as countries avoided the international marketplace behind high trade barriers and inward looking domestic policies.

Today, however, many African countries now recognize the vitally important role that international trade can play in generating domestic growth rates which can sustain economic development. And as countries expand trade, it is important to broaden the circle of those participating in and benefitting from trade, including small and medium size businesses, micro enterprises and women. I agree with IMF Managing Director Kohler's comments yesterday that women are a great source of encouragement and hope for Africa's economic development. Women already play a significant role in African economies, although generally they do not share in the benefits of international trade. Trade has the potential to empower women not only by expanding this share of the economic pie in the region, but as one of the driving forces behind the critical expansion of that economic pie. Women are employed in great numbers in key potential export sectors. For example, seventy percent of Africa's apparel production is made by women. The

agricultural sector employs about 80 percent of Africa's female work force and women occupy 90 percent of Africa's food processing sector. These statistics illustrate the extent to which expanding economic opportunities for the region should simultaneously create new economic opportunities for women.

Economic growth and the expansion of trade alone are not a solution to poverty nor a guarantee that the benefits of economic growth are equitably distributed. Trade policy can create new opportunities but cannot substitute for proper domestic policies. Governments need to put in place the institutions and rules that will enable markets to function effectively. Investments in basic public services, such as education and health care, are critical. Governments need to promote an effective rule of law, through good governance, transparency and support for a healthy civil society. Corruption poses a heavy burden disproportionately on the poor as well as a significant drain on economic growth.

The United States has a deep interest in seeing economic reform efforts succeed in Africa and is committed to fostering those new economic opportunities in the region. In 1997, President Clinton created a new Partnership for Economic Growth and Opportunity in Africa Initiative. That Partnership contains a number of elements, including debt relief, renewed attention to the quality and quantity of bilateral aid, tangible support to the efforts to address HIV/AIDS, and expanded bilateral trade. President Clinton's unprecedented two trips to the continent reflect the depth of his commitment. The final and critical piece of the Partnership is reflected in the passage in May of this year of the historic Africa Growth and Opportunity Act (AGOA). Earlier this month, President Clinton took a major step in implementing the law by making an initial designation of 34 countries as eligible for AGOA benefits.

The Act ushers in a new era of trade relations with Africa. It elevates the importance of our relationship with Africa, substantially opens the American market to African goods, and establishes the highest level policy dialogue with African nations.

Under AGOA, no other region in the world will have better access to the U.S. market than Africa, aside from a handful of countries that have Free Trade Agreements with the U.S. The Act dramatically increases --by nearly two thousand products -- the number of African products eligible to enter the U.S. market on a duty-free basis. In addition, for the first time ever, certain African apparel products will be accorded duty free treatment, giving African apparel exporters an average 17.5 percent duty advantage over other suppliers to the U.S. market. More broadly, AGOA's duty free benefits give African businesses a competitive advantage over most of the world's businesses in selling goods to the U.S. market.

As a result, the Act has the potential to increase significantly U.S.-African trade and investment. Exports of agricultural and manufactured goods (including textiles and apparel products) could rise by billions of dollars. And expanded access under AGOA to the world's largest market should result in new jobs, skills enhancement, the introduction of new technologies, and new investment in Africa.

Now that the initial country designations have been made, there are two additional implementation steps the U.S. Government must complete before the trade benefits of the Act can be realized. The President must designate the additional African products eligible to receive duty-free treatment, a process we expect will be completed in a matter of weeks. In addition, in order for countries to be eligible for duty-free treatment for apparel products, we must certify that countries have developed effective visa systems and meet other customs-related requirements. The next panel of senior level officials will address in detail these remaining aspects of the Act as well as their activities to ensure that information and financing are available to interested producers and exporters.

The Act also recognizes that the potential for expansion of existing businesses and for creation of new businesses is limited without critical infusions of private capital. The best ideas in the world require

transaction financing, expertise to understand the structure of emerging new markets and support for domestic infrastructure. The Act's assistance programs (including a \$500 million equity and infrastructure fund) will be implemented through U.S. agencies, such as the Export-Import Bank, the Overseas Private Investment Corporation, and the African Development Foundation, each of whom is represented either on the next panel or at a "Financing Fair" being held in the Atrium today.

The Act further recognizes that our trade and investment relationship with the region must be dynamic and evolve over time. The Act directs the President of the United States to establish, along with other leaders in the region, a United States-Sub-Saharan Africa Trade and Economic Cooperation Forum for high-level dialogue between the U.S. and countries in the region. High level meetings of the Forum are to occur annually. These meetings, along with the work conducted under other bilateral frameworks with the countries of the region, such as the Trade and Investment Framework Agreements negotiated by the Office of the U.S. Trade Representative, will maintain the vitality and momentum of the Act into the future.

AGOA presents an opportunity for Africa, not a guarantee. AGOA cannot succeed without you, the African private sector. The benefits that will accrue to each of the AGOA designated nations will depend on whether African companies are prepared to take advantage of the Act's benefits. Governments can create the enabling environment but it must be you, the private sector, which translates that into productive and sustainable businesses and exports. The U.S. market is a complex one, and it will be important, in some cases, for African businesses to work with U.S. partners who can assist in tailoring products, assessing niche markets, identifying sources of capital, and understanding specific U.S. market requirements.

It also will be critical for African countries to work with their private sectors to ensure that they are aware of the Act's benefits and requirements. Indeed, a number of African governments are working closely with their private sectors to this end.

The U.S. Government has also been active in explaining the Act's benefits and requirements to African governments and private sectors. We are grateful to the Africa Club for this important outreach opportunity as we seek to translate the AGOA legislation into business reality. In addition, we have conducted four regional seminars in Africa (including two in the last 10 days), are planning two additional regional seminars and are finalizing a detailed written AGOA manual which can serve as a readily available reference tool for African governments and the private sector alike. That manual, as well as extensive other information regarding AGOA implementation, will be available here today, as well as on our website devoted exclusively to AGOA.

Under AGOA, governments have an opportunity to reach out to small and medium sized businesses and involve them in the benefits of trade with the U.S. We will need to be creative in utilizing public-private and community based projects, as well as new information and communication technologies, such as the Internet, to their fullest in expanding the reach of the small and medium sized business to the global marketplace.

The Act has spurred companies to take a new look at Africa as a location for investment, and in fact, some companies have already made investments in anticipation of the Act's benefits. The extent to which this new investment occurs, however, depends on a number of factors.

Chief among them is whether a country has created an enabling environment for investment through, for example, adoption of market oriented economic policies, sound regulatory policies, and transparent and predictable legal processes and investment in telecommunications and other basic infrastructure. Indeed, the criteria for eligibility for the Act's benefits are designed to promote adoption of these policies in Africa.

Another factor affecting investment with Africa is the extent to which a company sees its investment creating opportunities throughout the region - in other words, whether a company's investment in an African country represents a base to sell to the broader African market, and potentially, elsewhere.

Thus, integration and reduction of trade barriers between African countries will enhance Africa's ability to attract investment. We applaud SADC and COMESA's launch of regional trade agreements. We urge that integration efforts move forward as quickly as possible. AGOA explicitly promotes regional integration by allowing beneficiary countries to obtain duty-free access for products using inputs from a number of African countries.

Likewise, Africa's success in attracting investment will depend upon expanding its participation in world markets. For this and other reasons, African nations have an important stake in international trade agreements, trade policies at the global level, and further global trade negotiations to reduce trade barriers and create larger markets for their goods. The World Trade Organization establishes the global framework of rules and rights among governments within which commercial trade operates as well as a mechanism for negotiating reductions in trade barriers. Active participation in the WTO will enable African countries to manage their interests in a global economy and maximize the benefits of global trade. If the goals of African governments and entrepreneurs for the international marketplace are to be sustained over the long term, Africa must participate in the WTO, not shrink from it.

A few brief examples demonstrate my point. Other forums in this program will focus on agriculture, information technologies and financial matters because of their critical role in Africa's economic revitalization. Each of these areas are or have been the subject of recent major multilateral agreements in the WTO:

In agriculture, new negotiations have just been launched which should result in comprehensive reform in trade in agriculture -- still one of the most highly protected and subsidized sectors in some major markets. These subsidies not only distort trade (impeding the growth of small farms in Africa) but represent a costly drain on developing country budgets. These pernicious subsidies contribute to overproduction and drive down prices - a concern raised yesterday at the opening conference.

In high technology, important agreements have been reached in the WTO to:

- establish pro-competitive regulatory principles and open markets for telecommunications services;
- eliminate all duties on information technology products; and
- preserve the duty-free status of electronic transmissions over the Internet.

Africa's active participation in these 21<sup>st</sup> century agreements would send a powerful signal to international investors about Africa's resolve to create the enabling environment for investment and trade. Indeed, these

are the types of policies that the Africa Act encourages as a means to facilitate greater trade and investment.

It is clear that, in some specific areas, African countries require technical assistance, especially to ensure their effective participation in the WTO. The United States is committed to seeing that assistance delivered. We have actively supported the main streaming of trade into broader development assistance strategies through the World Bank and are committed to providing effective assistance through the WTO's own programs. Bilaterally, over the last two years, the United States has committed more than \$600 million on trade related technical assistance and capacity building for developing and transitional economies. We passed AGOA (along with a similar provisions for the Caribbean) to increase the stake of countries in each regions in international trade. Our Office of the U.S. Trade Representative alone has conducted multiple WTO training sessions in Africa.

Regional integration, participation in the WTO, and AGOA are linked and mutually reinforcing. They are designed to create larger markets for countries' goods and clear and predictable trading rules, promoting commercial stability and ultimately spreading more broadly the benefits of the global economy to our people.

In sum, AGOA represents an unprecedented opportunity to strengthen and diversify the U.S.-Africa trade relationship, promoting growth and development on the continent. U.S. and African Governments, together with their private sectors, must work in the spirit of partnership in which AGOA was conceived to ensure that the promise and benefits of the Act are realized.

I want to thank the Africa Club, the World Bank, the International Finance Corporation and the International Monetary Fund for providing this opportunity to review the provisions, benefits, and significance of AGOA to an audience that will be so critical to its ultimate success.

Finally, let me thank President James Wolfensohn and the World Bank and Managing Director Horst Kohler and the IMF for their leadership on Africa and for their support of the Africa Club and this conference.

**CORPORATE COUNCIL ON AFRICA  
COMES A FREE TRADE RECEPTION**

**Ambassador Susan G. Esserman  
Deputy U.S. Trade Representative**

**November 2, 2000**

**[As Prepared for Delivery]**

**Good evening. I am very pleased to be here this evening, together with His Excellency Vice President Malawezi, His Excellency Ambassador Jesseramsing,, and Corporate Council on Africa President Stephen Hayes to applaud the Common Market for Eastern and Southern Africa's launching of its Free Trade Area.**

**This is a giant step toward COMESA's vision of a common market, bringing shared resources and creativity together for common benefit, development, and prosperity. It reflects the commitment of many African leaders to the vision and concrete actions, however complex or difficult, that will help to build stronger economies and better opportunities for the continent's people.**

**Two days ago, nine COMESA countries eliminated tariffs on trade in goods and services amongst their countries and lowered non-tariff barriers to trade. The result of years of planning, negotiations, and hard work by the COMESA countries and their leaders, this decision will stimulate intra-regional trade, and create incentives for Americans and other international businesses to form partnerships and joint ventures within Africa. The efficiencies and economies of scale the Free Trade Area creates will help to stimulate African and foreign investment as companies see investments as platforms for exports to other countries and regions in Africa.**

**The United States is proud to stand with COMESA and other regional efforts - the actions of the West African Economic and Monetary Union (WAEMU) to eliminate internal tariffs and that of the Southern African Development Community (SADC) in launching its Free Trade Protocol - to broaden and deepen regional integration. This is a path to development and long-term growth proven by experience throughout the**

**world; and it comes at an especially opportune moment, as sub-Saharan Africa takes up a more prominent role and greater responsibilities in the international trade community.**

**Our admiration and support of these efforts is clear in the personal attention and commitment President Clinton has devoted to the U.S.-African relationship and in the broad support of our Congress and the American business community for the historic African Growth and Opportunity Act. In the months and years ahead, the Act will provide unprecedented U.S. market access for most of the countries of sub-Saharan Africa: dramatically increasing, by almost 2,000 products, the number of African products eligible to enter the United States duty-free; giving certain African apparel products duty-free treatment and thus an average 17.5 duty-advantage over other suppliers; and institutionalizing the deeper and more regular trade dialogue begun with the President's 1998 visit to Africa and the U.S.-Africa Ministerial in 1999.**

**These efforts and actions, those of the U.S., COMESA countries, and the countries of SADC and WAEMU, will work together to help us achieve the goals we share. Because of AGOA and because of the bold steps of countries such as the members of COMESA, more companies, investors, and traders, are looking to invest in or trade with Africa than ever before, building on the \$15 billion Americans have already invested in Africa. And they are looking beyond traditional sectors for opportunities in areas never before explored.**

**All of our efforts are aimed at a common goal, creating greater opportunities, increased markets for African products, more predictable trade rules, and strong economic growth. The work of the past years has laid the foundation for a lasting partnership, which we look forward to continuing with Africa's governments, the African private sector and civil society, and regional organizations such as COMESA.**

**Once again, this is a proud day for COMESA's members, and I am delighted to be here to congratulate each of you. Again, let me thank the Corporate Council on Africa and Ambassador Jesseramsing for the opportunity to join you tonight and to celebrate the launch of the COMESA Free Trade Area.**

**Thank You.**

**WTO Libreville 2000**  
**Meeting of African Trade Ministers**  
**Libreville, Gabon**

**Remarks to the Opening Plenary**

**Ambassador Susan G. Esserman**  
**Deputy U.S. Trade Representative**

**November 13, 2000**

Good morning. It is an honor to be representing the United States before such an impressive gathering of trade officials from throughout Africa. We appreciate the leadership of President Bongo and Trade Minister Mabicka in bringing together the region's trade ministers. We thank Director General Michael Moore for his commitment to Africa and his instrumental role in this meeting. We applaud the participation of so many African ministers in this important conference reflecting their active interest in the WTO. I welcome this opportunity to discuss the World Trade Organization and to participate with you in a dialogue on WTO issues.

The new millennium finds Africa charting a new course for its economic future. In nation after nation across the continent, government officials and the private sector alike are responding to the challenges and opportunities that globalization offers for the welfare of the region. Today, many African countries recognize the vitally important role that international trade can play in generating economic growth and are taking steps to liberalize their economies.

We are beginning to witness the dividends from this new direction. Many African nations have experienced positive economic growth during the last half of the 1990's even during the tumultuous period of the 1997-1998 international financial crisis. These positive economic trends form the foundation upon which further progress and reform can be grounded for those African nations with the resolve to fully utilize the world economy for the benefit of their citizens. Robust economic growth alone will not reduce poverty for all segments of African society, but it is key to creating the resources to do so.

The future of African economies is one of diversified trading relationships, new and expanded markets as well as new market niches and untapped opportunities rather than reliance on old and outdated trading patterns. It will depend upon absorbing and adapting new technologies and creating an enabling environment for investment, including sound regulatory policies, transparent and predictable legal processes and investment in telecommunications and other basic infrastructure. African participation in the WTO, regional free trade initiatives and enhanced bilateral trade relationships are vital to achieving this economic potential and are mutually reinforcing.

If the goals of African governments and entrepreneurs for the international marketplace are to be sustained over the long term, it is important that Africa enhance its participation and assert its rightful role in the multilateral trading system. Active participation in the WTO will enable African countries to manage their

interests in a global economy and maximize the benefits of global trade.

The WTO is the central forum in which each of us, as well as our European, Latin, and Asian trading partners, find our most significant opportunities to open markets in the products most important to our industries and to assert our rights and interests in the global economy. Through the WTO, we lower trade barriers, creating larger markets for our goods, and we establish trading rules that afford commercial predictability and thus attract investment. The WTO also gives each of us, regardless of size, the same right to assert our interests when disputes arise. It is vitally important that African countries participate actively to shape their destiny and work in partnership with other nations rather than simply leave it to others to speak and act for them.

A few brief examples demonstrate just how intertwined Africa's economic agenda is with the WTO's agenda. Agriculture, information technologies and financial services are all critical to Africa's economic revitalization and diversification. Each of these areas are, or have been, the subject of recent major multilateral agreements in the WTO:

- In agriculture, new negotiations have just been launched which should result in comprehensive reform in trade in agriculture - still one of the most highly protected and subsidized sectors in some major markets. These subsidies not only distort trade (impeding the growth of small farms in Africa) but represent a costly drain on developing country budgets.
- More open markets promoted by the ongoing WTO services negotiations will help African countries acquire the expertise and legal, financial, transport, information and telecommunications infrastructure that will spur more rapid and stable development.
- Africa's participation in the WTO's modern agreements on basic telecommunications, financial services, and information technology would send a powerful signal to international investors about its resolve to create an enabling environment for investment and trade.

And I genuinely believe that we share with Africa an interest in broader negotiations that go beyond the built-in agenda of agriculture and services. For example, WTO negotiations to reduce tariff and non-tariff barriers on industrial goods would facilitate Africa's quest for new market opportunities. Moreover, without a broader round that includes areas such as industrial market access negotiations, other countries may not have the flexibility to make real reform in agriculture. A new round would establish momentum in the WTO to achieve results that would reinforce the reforms underway in Africa. With globalization and with the shrinking of borders, all of us increasingly confront common issues and concerns. We seek to address these common concerns as well as issues of particular interest to Africa. We will work in partnership with Africa to launch a new round of trade negotiations, and we urge Africa to take an active role in this process.

We also must make sure that the WTO moves now to facilitate trade in the dynamic area of electronic commerce before barriers are erected. Africa has a special stake in this area, given the potential for e-commerce and the Internet to leapfrog stages of development. It is crucial that Africa not miss the information technology revolution.

We also need to carefully consider issues such as labor and environment without promoting protectionism. Rather, we should seek to discuss them in a way that contributes to the quality of life of our citizens.

Beyond ensuring a balanced negotiating agenda that serves the diverse interests of WTO members, several additional elements are necessary to promote Africa's more effective participation in the WTO. Clearly

tailored, coordinated and innovative capacity building is key. Today's conference is an important dimension to this ongoing process.

The United States is committed to seeing that assistance delivered. We have actively supported the mainstreaming of trade into broader development assistance strategies through the World Bank and are committed to providing effective assistance through the WTO's own programs, including through the Integrated Framework. We need to consider creative and new ways to ensure full African participation. Based on our past discussions, I would like to explore whether it makes sense to develop a regional African capacity in dispute settlement or other complex WTO areas that all countries in the region can draw upon.

In the coming year alone, we will spend roughly \$5 million in Africa on technical assistance on WTO-related issues. I am also pleased to inform you that the United States is providing a \$650,000 direct grant to the WTO to support important technical assistance for African countries for the development and production of computer-based training on WTO Agreements.

In addition to our support for multilateral technical assistance, the United States devotes substantial bilateral funds to trade-related capacity building. Over the past two years, the United States has committed more than \$600 million toward strengthening the trade-related capacity of developing and transitional economies. With these funds we have supported activities both to improve the capacity of a country to participate in the WTO and also to establish the domestic legal, regulatory and technical mechanisms to succeed in participating in international trade and operating a domestic economy attractive to investment.

Of course, participation in the WTO also depends upon effective access to the processes and mechanisms of the WTO. In the last year, progress has been made to improve the internal transparency of the WTO, reflecting the commitment of Mike Moore to enhancing communications and information flow among WTO Members, and to improve public understanding of the WTO. We hope that we can build on this good start to take further steps to improve the public's understanding and support of the WTO's work. African Members can play an important role in advancing that process.

Also critical to Africa benefitting fully from the WTO is the issue of implementation of existing agreements. We have worked closely to address your concerns about implementation by finding practical and constructive solutions. We also seek through the technical assistance that I have described to facilitate African country compliance with customs valuation and other agreements, since adopting modern regimes contemplated under the WTO agreements promotes investment and trade in your countries.

Developed countries have a responsibility to assure active African participation in world trade not only through technical assistance but also by offering special access to our markets. The United States is committed to this principle and has delivered concretely through the passage in May of this year of the historic African Growth and Opportunity Act, known as AGOA. AGOA ushers in a new era of trade relations between the U.S. and Africa, elevates the relationship with Africa and opens the U.S. market as never before to African nations. The Act dramatically increases - by nearly two thousand products - the number of African products eligible to enter the U.S. market on a duty and quota free basis from eligible countries. For the first time certain apparel products will be accorded duty free treatment. All of this affords African suppliers a competitive advantage over other suppliers to the U.S. market. The Act places a priority on technical assistance to strengthen trade and investment regimes and establishes financing mechanisms without which new productive capacity and export transaction cannot exist.

Importantly, AGOA offers concrete benefits to African nations now - not a simple promise for benefits in the future. We are taking final steps to implement the Act, and we expect in the next week or two to

determine the additional products eligible for duty-free treatment. We are completing remaining implementation steps while simultaneously conducting seminars in sub-Saharan Africa on how to take advantage of AGOA. In fact a seminar will be held this Thursday at this location, and all are invited to attend. Through this Act and our outreach, we expect that new business relationships can be established at the outset - as AGOA goes into effect.

From AGOA to the launching of regional trading arrangements, such as COMESA, SADC, and WAEMU, the landscape of African international trade and economic policy is being transformed. I applaud the timing and foresight of the WTO and the leadership of Gabon for bringing the multilateral dimension to this rapidly changing region. Your participation in this event confirms their judgment that this focus was both needed and would be welcomed.

We look forward to working in partnership with you to implement concrete and tangible proposals that will significantly advance African integration into the multilateral trading system, improve prospects for economic growth in Africa, and generate real progress on issues of mutual importance.

Thank you.