COMMUNIQUÉ OF THE PRIVATE SECTOR

TO THE 10TH AGOA FORUM

We, the Private Sector participating at the 10th AGOA Forum held between 7 and 10 June 2011 at Mulungushi International Conference Centre in Lusaka Zambia, organized an international trade fair that attracted more than 58 exhibitors from public and private organizations and companies from 37 AGOA-eligible courtiers and the United States of America. We also organized a full-day business seminar that included a joint plenary session with Civil Society. The trade exhibition included a special platform for young entrepreneurs and women in business. The business seminar was emphatically dedicated to examining opportunities for substantially enhancing the benefits of AGOA for both the United States and AGOA-eligible countries through approaches that increase the flow of investment into the productive and competitive capacities of entrepreneurs and companies operating in AGOA-eligible courtiers.

We noted and agreed with observations made at recent AGOA Fora, and contained in various past Communiqués of Civil Society and the recent Communiqué of May 2011 of the Ministers of Trade of AGOA-legible countries that, in summary: there has been an expansion of trade in agricultural products between the US and AGOA-eligible African countries though much remains to be done; that there have been benefits of AGOA to African countries, particularly in promoting non-traditional exports such as textiles and apparels, leather products, agro-processing products; that AGOA has contributed to notable job creation and flow of investments in some African countries; that minerals and oil continue to exceed 93% of all African exports to the US; that American agricultural subsidies remain a serious constraint to trade alongside trade restrictions applied on certain commodities; that the following key constraints to AGOA realizing its full benefits remain disturbingly in place: sanitary and phyto-sanitary requirements; restrictive rules of origin; product specific standards; uncertainty about the future of AGOA; potential expiration of third-country fabric provision in 2012; weak productive capacity of many African countries; limited regional value chains; and weak competitiveness of African countries because of weak infrastructure development.

Nevertheless we took keen note that the global economic environment has dramatically changed since the signing into law of AGOA by the US Congress in 2000. The global financial crisis, that continues to destabilize in the Euro-zone, combined with the rapid economic ascent of China and other significant emerging economies such as India and Brazil, have radically transformed the flow of international capital, technology, investment and economic opportunity. Despite the recent global economic down turn, African economies have remained largely resilient. Whereas global economic growth has averaged less than 2.5% per annum in recent years, Africa's economic growth has remained above 4%. In several African countries, such as Zambia, annual growth rates have averaged even more than 5% with per capita GDP more than doubling over the past ten years. 43 of Africa's 53 countries are experiencing sustained economic growth at a time when many regions of the world continue to grapple and even shrink in the wake of the more recent challenging global economic environment. This success, however, has also revealed deep cracks in the structure of intra-African trade. Markets within the continent itself often are cut off from one another either by infrastructure or by policies that hamper or divert precious resources. Nowhere is this more apparent than in the area of regional integration. Though the continent is

home to over a dozen regional trade arrangements, these trading blocs are, by design, fragmented and limited in scale, thus missing out on significant opportunities in Africa for larger scale, better competitiveness and effective optimization of supply.

The ability of African governments and Regional Economic Communities (RECs) to address the challenges of regional integration will be the key determinant of future economic growth in Africa. Freer trade among African countries would greatly facilitate the movement of goods and services from one country to another and – more importantly – from one trading bloc to another. This would promote increased investment and employment, more efficient production and distribution and will facilitate consumer access to a wider range of high quality products at affordable prices. For Africa to reap the full benefits of integration, quick and deep integration of the key regional trading blocs will be essential, coupled with further harmonization of policies on tariffs, standards and customs procedures.

Given the foregoing, the Private Sector agreed that AGOA should enhance its benefits to both AGOA-eligible countries and the United States through a greater and more effective emphasis on mutually beneficial expansion of investment in Africa through the following measures:

On the African Side:

- 1) African governments should increase investments, including through public-private partnerships, in economic infrastructure, such as more efficient transport networks and better telecommunications
- 2) African public development agencies and private sectors should develop and co-finance investment projects that are larger and more attractive to foreign direct investment
- 3) African governments, regional economic bodies and private sector should accelerate regional integration and intra-Africa trade in order to scale up the general competitive capacities of the African private sector. They should continue to explore among their respective organizations how to further enable freer trade across the countries of Africa in the spirit of creating more opportunities for their people and those wishing to do business in and with Africa.
- 4) The Private Sector in Africa should lay more emphasis on exporting manufactured goods and processed foods to the US in order to better overcome sanitary and phyto-sanitary barriers to trade with the US.
- 5) Although the productivity of African Agriculture is improving, quality, management know-how and market connections within Africa' regional economic communities, investments in educating and supporting farmer associations, the industry, and commercial farmers are critical to transforming Africa's agricultural economy into structures that are responsive to African consumer demand.
- 6) Africa should develop mechanisms for the African Diaspora in America to more easily participate in gainful investments in Africa in order to expand its financial market and stimulate more transfers of technology and know-how.

The American Side

The USG and private sector are urged to view AGOA as a wedge essential to strengthening America's ability to compete for African resources and markets in the current climate of the growing economic influence of emerging economies;

- 1) The US should extend AGOA beyond 2015 on a long and sustainable basis;
- 2) The US should align the third-country fabric provision with the term of AGOA;
- 3) The USG should develop AGOA quotas in the budgets of its development agencies, such the Millennium Challenge Corporation, US African Development Foundation and USAID, so that they provide measurable support to building productive capacities as well as for diversifying and expanding productivity in AGOA-eligible countries of presence;

Together

AGOA-eligible African countries and the US should develop a monitoring and evaluation mechanism to periodically assess the progress and impact of AGOA.

We thank the Government and people of Zambia, the Zambia Association of Manufacturers and the Corporate Council on Africa for organizing and hosting our consultations.

* Prepared in Lusaka, Zambia on 8th June 2011