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PARTICIPANTS:

Introduction:

LIAQUAT AHAMED
Trustee
The Brookings Institution

Moderator:

MWANGI S. KIMENYI
Senior Fellow and Director, Africa Growth Initiative
The Brookings Institution

Featured Speaker:

MICHAEL FROMAN
U.S. Trade Representative

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P R O C E E D I N G S

MR. AHAMED: So, I'd like to welcome everyone to Brookings. My name is Liaquat Ahamed. I'm a Trustee and we're very honored to have Ambassador Froman with us today. Ambassador Froman just assumed the role of US Trade Representative in June and before that he served in the White House as the assistant to the President and the Deputy National Security Advisor for International Economic Affairs.

Ambassador Froman is a long-time friend of Brookings. He's spoken here many times. He's been a participant at the Blum Roundtable on Global Poverty for many years. Actually the Roundtable is currently taking place. Ann Strobe, another senior Brookings leadership there so I know they're very sorry to have missed this morning's session.

This is the first time that Ambassador Froman is speaking at Brookings in his capacity as US Trade Representative. And he'll be talking about the Africa Growth and Opportunity Act, also known as AGOA. It was signed into law in May 2000 and it offers African countries that open their economies trade incentives with the United States. It's set to expire in 2015 and it's one of the defining pillars of the US-Africa trade relationship. And the Office of the US Trade Representative plays a key role in the discussions on its extension.

Brookings has just issued a report written by the Africa Growth Initiative here at Brookings on AGOA and that's being distributed this morning. A title is the Africa Growth and Opportunity Act; an empirical analysis of the possibilities post-2015. And it examines the different ways in which the legislation may or may not move forward after the current legislation expires in 2015.

So this discussion is especially timely and I know we'll get a very lively discussion. So I'd like to turn over the floor to Mwangi Kimenyi, the Director and Senior

Fellow of the Africa Growth Initiative.

MR. KIMENYI: Thank you very much for the introduction and welcome Mr. Froman. Thank you very much for joining us. I guess the last time we were with you in this time of the year we were with you in Aspen discussing poverty. Now we will be talking about trade, which are not necessarily disconnected. So they are the same.

I'd like to start by congratulating you on this new appointment, cabinet level appointment and we look forward to working with you just as we worked with you when you were at the White House. Now, I would like to just get this conversation started, Africa is becoming increasingly important and if you look at the US-Africa trade relationship, how would you characterize it? Is it good, poor or is it requires improvement? Or how do you see it?

AMBASSADOR FROMAN: Well, thank you. First of all, thanks very much for having me and it's good to be back at Brookings and I'm enormously grateful to Brookings for putting out this report because as you say it is very timely. This is a very good time to start looking at AGOA and this is exactly the kind of analysis and report that we want to see to be able to feed into the process that I'll talk a little bit about.

I think to answer your question I think the trading relationship, the economic relationship is good but could be much more substantial. And I think we should start by recognizing the success of AGOA. Our two-way trade has more than doubled. Our exports to Africa have tripled. Non-oil exports to the US have tripled. It is supported by some estimates 1.3 million jobs in Africa and by all those metrics it is a significant success.

But we should be frank with each other. The numbers are still quite small and we should look at this next phase of AGOA to see what we can do to build upon the success of the last 13 years and take the relationship even further. I was in

Africa recently, as you know, with the President. I accompanied him on part of his trip and everywhere he went the issues of trade and investment came up. It was the underlying theme of his trip. And AGOA was very much at the center there. And so, we want to look at AGOA, build on its successes and figure out where to take this going forward.

MR. KIMENYI: Very good. Just to follow up on the trip with the President which of course we've been waiting for a long time and we are happy that the President was able to make the trip to Africa. When you listen to Africans, I mean what did you get when talking to the Africans, whether it's a business community, whether they're politicians? What are you getting from them and what their expectations are about US-Africa?

AMBASSADOR FROMAN: Well, first I think we need to put it in the context of how much has changed over the last 13 years and what's going on in Africa now. You know, I often talk about how the Economist once had a cover that was talking about the lost continent, now talks about Africa rising. And the fact that six out of 10 of the fastest growing economies of the world are in Africa or in sub-Saharan Africa.

That you have a whole new cadre of leaders, not in every country but in many countries who are willing to take on economic reform, willing to put political will behind economic reform, putting economic skin in the game in terms of devoting some of their domestic resources to food security and education and health to build systems and to move off of just humanitarian crisis to humanitarian crisis. So there's a lot going on that is new and different and noteworthy there.

To answer your question, when the President was there, everywhere he went there was an emphasis on this is not just about aid anymore but also about trade, not just about assistance but also about investment. And whether it was the private

sector or government officials or young leaders or jurists, all of their input very much went to what do we need to do to continue to build and create the economic environment, the enabling environment for private sector lead growth, for stronger relations within Africa, among African countries but also between Africa and major markets around the world. And that's what really informs our effort there.

MR. KIMENYI: Great. So now the President has now about three plus years more and what do you see as the big, now you just got in as US Trade Representative and what do you see as the big things or some key issues that will probably make a difference? Or how do you think the President will mark or a legacy in Africa?

AMBASSADOR FROMAN: So first I think we want to build on some of the work that we've been doing in the last four and a half years on food security, for example. The President really put food security back on the global agenda four years now. It was in July at the summit in L'Aquila, Italy when he mobilized \$22.5 billion of support around the world. We launched Feed the Future here in the United States and then when he chaired the G8 Summit in Camp David in 2012, launching the new alliance for food security and nutrition which took our food security initiative to a new level. And partnered with countries who wanted to engage in reform but also partner with the private sector, mobilizing more than \$4 billion in private sector investment commitments for the countries that are part of the program.

That program is continuing to develop. More countries are joining. We want to see that move farther and faster through the continent. There's obviously the health agenda which we will continue to build on, where we can now for the first time envisage turning the corner on HIV and AIDS to the possibility of an AIDS free generation.

But as the President noted when he was in Africa on this trip, we need to move beyond that and that's where he also launched Power Africa and Trade Africa. Power Africa, the goal of which is to -- right now of two-thirds of sub-Saharan Africans don't have access, reliable access to affordable electricity. And the goal is to double access going forward and mobilizing, using government resources to mobilize private sector investment, working with the partner governments to put in place the necessary laws and regulations so that we can bring greater electricity around Africa, clean energy as well, which is an important force multiplier for education, for health, for economic productivity, for safety and security.

And so it has tremendous broad benefits on economic development. And finally, Trade Africa. I'm sorry I'm taking so long to answer your question. We have a lot on the agenda. Trade Africa which has really a number of different components, one is focusing on regional integration. Working initially with the East African community but also with the other economic communities to help deepen their economic integration efforts, help implement their customs union for example, work as they negotiate with the other economic communities, continent wide, free trade area.

But also focus on issues like borders and trade facilitation and how long it takes to get something from port to market and take those other costs out of the system so that African producers can become more competitive and trade more with each other as well as with the rest of the world.

MR. KIMENYI: Okay, thank you very much. Let me turn back to AGOA. You have already actually provided a bit of assessment of AGOA, the broad assessment and you also mentioned that there's two more that the promise is not yet achieved. What is in many people's minds, of course, particularly you are going to Addis Ababa, particularly the African government is AGOA is expiring. What do you see on this?

I know when the President was in Africa he said that AGOA, he worked to have AGOA extended. So the question is how do you see the extension and what form or what do you think should be changed in AGOA?

AMBASSADOR FROMAN: Well, as the President said, we want to see the seamless renewal of AGOA and we know how important that is to people making investment decisions, to know in advance whether they'll still benefit from those preferences and preferential access to the US market play a key role in whether or not they maintain their investments and add to them.

So we want to make sure that there's a seamless renewal of AGOA but we also want to use this period, we have a little over two years now before AGOA expires. We want to use this period to really as I said look at the successes of AGOA but also ways in which it can be improved, also look at the changes in the continent, the changing economic relationships and trade relationships that have developed between Africa and other economic partners around the world and see what kind of changes we want to make to AGOA before working with Congress. And obviously, Congress plays the critical role here in figuring out what kind of AGOA we want to renew.

MR. KIMENYI: I think that's a very good point about making sure that it's renewed in advance because of certainty. I think we were very surprised last year when it came to that country fabric provision which was I think renewed almost the last day before it expired. And of course, as investors look at AGOA they would like to make sure that this actually happens before.

Now, in your new role at USTR what do you see as the main role for USTR in this process particularly in supporting trade in Africa? What are the goals that you set yourselves to focus on?

AMBASSADOR FROMAN: Well, we're going to very much focus on

AGOA and this review process which we hope to launch next week in Addis at the AGOA forum. We'll work with our interagency partners as well to ensure that we're bringing a whole of government approach to expanding the relationship.

In addition to my trip next week to Ethiopia we expect that Secretary Pritzker of the Commerce Department will go to Africa sometime in the next year, that Secretary Lu, Secretary Moniz are all planning trips to Africa over the next year or so. And that's part of implementing the President's sub-Saharan Africa strategy about bringing all of the resources we have across the government to strengthen our relations.

At USTR we'll focus on AGOA, we'll also focus on Trade Africa, the relationship with the east African community, implementing that, working with other -- for example, in ECOWAS working on ECOWAS agreements and other bilateral agreements including with South Africa to ensure we're resolving outstanding trade issues and doing everything we can to strengthen the economic and trade investment relationship.

MR. KIMENYI: So one of the things we find in our report is although there are a lot of gains from doing business with United States and Europe and other countries, one of the key benefits comes from internal trade. The regional integration, trading within in Africa is really where a lot of benefits lie. So the focus on the east Africa community is good but what are you doing generally in terms of supporting regional integration within Africa which is key for Africa's development?

AMBASSADOR FROMAN: It's absolutely key as you say and when you compare sub-Saharan Africa to a number of other regions in the world, the amount of intra-regional trade is really quite low. And so, there's great potential there to strengthen those trading relationships.

You know, through initiatives like Trade Africa, we're going to try and work to break down barriers at the border and make logistics and other systems more

efficient. It takes and there are many reports out there on this matter but it takes far too long to get a ship unloaded at a port and those products moved from port to the border of the next country.

There have been some mappings of roadblocks where you'll find 40 roadblocks between the port and the next border. And we need to work with the governments to try and reduce the number of roadblocks literally and figuratively. And then when they get to the border, the custom systems don't always talk to each other. They're based on different systems. So we're working, one thing that USAID is working hard at, is to work with the EAC countries to put in place first of all, an IT system that allows the different custom services to share information with each other. And over time hopefully to help move towards a single custom system where there can be a revenue sharing arrangement to make the customs union -- you know, the EAC has already taken a number of the very difficult decisions about agreeing to a customs union and they're moving further and further along in terms of regional integration.

Now comes the time to implement those decisions. And we want to be a partner of theirs in helping do that. And then as the EAC and the other regional organizations negotiate with each other and begin to create a continental wide free trade area, we stand ready to work with them to help them in that regard as well.

MR. KIMENYI: That's good. I think the focus on regional integration is really important, particular is when the summarization also within the US government agencies and focusing on regional integration. So I think that will really be a key to Africa's growth. And I think I'll turn to the audience to see what they have.

We have just first of, thank you very much for those opening remarks. First of all, this is a public event so anything you say is on record. So don't come back and say you didn't mean it. Then second thing we have very few minutes and the

Ambassador is really preparing, as you know he is going for the AGOA meetings in December but there are a lot of things to prepare and he has also a press interview after.

So we have only, right now we have 24 minutes for discussion. So when, for your interventions be very specific and I'm going to constrain your questions to AGOA. Forget about all the questions about the administration or what the Ambassador was doing at the White House. Let's focus on AGOA and be brief. So, can I take those questions? I will start with Steve Lande and please be very quick and then I'll go to the Ambassador of Mauritius.

MR. LANDE: Steve Lande, Manchester Trade. Probably being the oldest person here I remember Bob Strauss' days when he came. Good White House contacts, I cannot tell you how much the trade community and the African community has waited for you. I'm so happy you're here. We also have heard you say that you want to improve AGOA but first you want to listen which is such a good point.

So let me just point two or three really quick ideas on the table for you to think about. First, most important thing, regional integration, it would be nice if you could talk to your European friends and say at the same time as you are doing the TTIP with them, can you please not undermine efforts in Africa by dividing Africa up as you may be doing with economic partnership agreements.

Secondly, please bring the whole of government approach also to Congress. There are so many good initiatives. If you could put them all together in the same way as you did in the administration that would be absolutely fantastic.

And three, the Ambassador's report that just came out is excellent. They listed seven or eight recommendations at the very beginning in terms of their report. If we could begin discussing them at AGOA the stakeholders are here. This could be very positive. Thank you again for giving us 50 minutes on a very busy day.

MR. KIMENYI: Now, I'm not going to allow anyone else to give that talk except Steve. I'm going to ask the Ambassador of Mauritius, very brief question.

AMBASSADOR: Well, first of all, thank you very much Brookings for organizing this conversation and actually I don't have a question. I am talking on behalf of the African Ambassador's Group and since you are talking about AGOA I would like to, and I'm very much happy that Steve Lande, our friend, has already given his total endorsement to the recommendations that the African Ambassador's Group has come as regards AGOA.

It is a report that has been worked out together with all the Ambassadors and also which has included the private sector people, representatives from the civil society, think tank experts, officials from the USTR who have attended informally, officials from the State Department and all the rest of it 'cause it has been an inclusive one. And it has also been endorsed by the AGOA annual meeting, the recommendations that we have made.

What we are saying in brief, that after consultations and after quite deep thinking we have come to the conclusion that AGOA should be renewed at least for a period of 15 years and the third country fabric, the textile and apparel which has been a success story of the AGOA should be made coterminous and extended for the same period. And also the enhanced political dialogue and which has already been started by President Obama and we want more of that.

There are many other recommendations the recommendations contain. Thank you very much for your patience.

MR. KIMENYI: Okay, let me give a little bit more guidance. We want to get this matter as possible from the Ambassador. I know he will get that presentation in Addis Ababa so if you know some other question please, okay very direct. Then I'll go

back.

SPEAKER: Well, thank you very much. I guess my question directly is what are you doing, Mr. Secretary, to ensure that the Congress passes our recommendation, the Act, renews it as soon as possible.

MR. KIMENYI: So, I will take three. And may I talk to the gentlemen over there?

MR. KELLY: Hi, I'm Kevin Kelly. I write for the Nation Media Group in Kenya. One of the premises of AGOA is to encourage good governance as well as to develop economically. I'm wondering to what extent you'll weigh governance factors in terms of maybe the provisions in the renewed AGOA but also right now, specifically in the case of a country like Kenya where the national leadership is under indictment for crimes against humanity. Thanks.

MR. KIMENYI: Let me ask this gentleman here please. Question please.

DR. CHAUDRY: I am Dr. Nisar Chaudry with Pakistan American League. I have my one question is that China is also very much in Africa, well entrenched. Do you think the pace at which USA is moving into Africa and giving ideas and making investments and enhancing the volume of trade, how would you compare it with the approach of Chinese, with the approach of Americans? And also, what do you think why not to include even more countries in this AGOA group where you are already doing trade?

MR. KIMENYI: Okay, I think the first question on AGOA you pretty much have answered on working on the extension. So you can add on that but I think the bigger question there is on China and Africa and the others were more comments.

AMBASSADOR FROMAN: Well, first of all, just to take up the question

directly, we're already beginning our conversations with members of Congress, interested members of Congress about AGOA and they'll very much be part of this review process. It'll be an iterative process. We'll consult very closely with them so that we can build support for AGOA when it's time to resubmit.

And I'm delighted that, for example, Senator Isakson from Georgia is planning on joining us in Ethiopia next week along with Congresswoman Bass from California. And so, they'll part and participate in the AGOA forum as well. So we're already beginning that process.

You know I think on let me try governance and China. Governance is absolutely a critical part of this overall effort. And it's something that the President has underscored more generally in the launch of the open government partnership for example that now has over 50 countries that have joined and put in action plans about transparency and accountability and anticorruption. This is something we're going to emphasize everywhere. It's something he emphasized when he was in Africa both when he met with jurists in Senegal and when he met with young African leaders in South Africa including others from around the continent. So governance is going to be very much a focus, it will part of our consideration for AGOA going forward.

And then on China, you know, I'd refer you back to what the President said when he was asked about this in Africa. From our perspective it is good that China and Brazil and Turkey and India and Europe and so many other countries are interested and involved in Africa. And the question for Africans is what kind of trade and investment relationships do they want to have. It's up to them with outside partners and ensuring that it works for them.

And we're very much confident because as we travel around Africa as I did last year to a number of countries and then back again this year, as much as the

Chinese are there they want Americans to be there as well because they know that our companies, they bring technology and management training. That they hire locally, that they like to build local capacity, you know I was so delighted to see a Kenyan woman be the general manager of the regional GM facility in Nairobi. And when I would go to places where there were investments from the US and investments from other countries, people always underscored that when the Americans come in they hire locally, they train locally. They're not interested in just taking resources out of the country; they're interested in investing in human resources in the country.

And that to me is a great landmark of our involvement there. So it's not that we're going, we're just discovering Africa. We've been there for a while. We've been there for a while and AGOA is one of the great indications that 13 years ago we made this major commitment to the region. So we're going to continue to build on our presence there. We're encouraging, we have a doing business in Africa campaign to encourage American firms to be more involved there.

I think a number of these visits that I mentioned from Secretary Pritzker and others will likely involve the private sector and doing trade missions and helping to deepen the relationship between sub-Saharan Africa and the United States and so it's very much part of our overall agenda.

MR. KIMENYI: Okay take three more. I'll take the gentleman over this, this one and opposite and I will come to this, yes.

MR. BABA: Thank you very much for your remarks. My name is Duza Baba. I'm based in Abuja and focusing West Africa. There are two commodities that are sort of key for West Africa which I've seen in the report here. One is cotton and another is peanuts.

Can you with renewing AGOA in 2015 could you ensure that those

commodities get 100 percent DFDQ access to the US markets? 'Cause based on the report here also West Africa, really the countries in West Africa are not really benefitting that much from AGOA. So I'd like to hear your remarks. Thank you.

MR. KIMENYI: Thank you very much. The gentleman just opposite there. Yes and then I'll come to you.

MR. COHEN: Thank you very much Ambassador Froman. My name is Ira Cohen and I am former staff member of the IMF, currently working with some African governments. I have two questions on AGOA. The first is the Brookings report that just came out in fact seems to suggest that it is not a good thing to extend the benefits of AGOA or AGOA type benefits to other poor countries in the world. What is your view on that? I mean my own view is that of course it's good to support Africa but is it good to withhold similar benefits to other also poor countries.

Second question is on the use of AGOA as a political instrument to force change in some African countries. A couple of countries come to mind. One recent case is the withdrawal of AGOA for Madagascar. The unemployment has increased enormously; a couple of hundred thousand more people unemployed, poverty has increased by 10 percentage points from 70 to 80 in that country. So what is your view on that and what is your interpretation of what is called acoor what is the popular call for change? Thank you.

MR. KIMENYI: Okay. Could I get the gentlemen there, those two gentlemen?

MR. OLADEINDE: Thank you very much and we are delighted that Brookings is honoring Mr. Froman. My name is Fred Oladeinde. I am the Chair of the AGOA Civil Society Network. I have two questions, one is regarding Trade Africa. We are at the DVC last week with colleagues in Africa and we hope you will join us doing our

opening plenary session in Addis Ababa.

And one of the key points that was raised by our colleagues in Addis Ababa is how do we ensure that when AGOA is extended, that the issue of supply side constrained is fully addressed. We have 6,800 articles on AGOA and GS3 and we've seen very few of them used. What is USTR doing on that Trade Africa to ensure that African civil society included, in terms of what can their parliament just as we are doing here in the United States to remove the supply side constraint. Thank you.

MR. KIMENYI: Thank you, the gentleman and then we go to answers, yes.

MR. HERSHEY: I'm Bob Hershey. I'm a consultant. How is the internet being used in your operations to get more transparency and get the private sector funding in and have open meetings?

MR. KIMENYI: Good I think we can -- Ambassador these are very good questions. One of them has to do with product eligibility. I think we have been making arguments about what happens about peanuts, for example. And when you add milk the rates go up very high. Anything to do with sugar and all that but then these cotton and peanuts issue. I will leave you to this question on the AGOA like benefits to Bangladesh and the Cambodians and see how you answer. But, yes.

AMBASSADOR FROMAN: These are good questions. So let me try and take them. I think with regard to specific products there obviously are sensitive products. Every country's got them. This is the kind of input that we want to take and as we look at AGOA as a whole and the context of what we're doing in GSP, what we're doing in other mechanisms, we want to look at all of the possibilities and then see where the sensitivities are and how they can be managed.

So I'm not going to commit to you know with cotton and peanuts. Only to

say that it's important to have that input and then as we look at it, we'll look at these issues as well and see how best to manage the sensitivities around them.

You know, on the other countries question, it's a very interesting question. And it happens also as we are negotiating TPP or TTIP or other free trade agreements as well that countries with whom we have FTAs raise questions about what impact new FTAs will have on their preferential access. We need to figure out, obviously poverty everywhere is of concern but we need to figure out how to move forward with our antipoverty agenda without eroding the benefits that we've already granted to countries in sub-Saharan Africa. So it's again one of those issues I think we need to look at in the context of GSP and our other programs as well.

I mean on the political issue I really go back to the answer I gave on governance and it's the same approach we take on in a number of other areas like MCC and how MCC is implemented. You know, we fundamentally believe that sustainable economic development requires good governance. And we want to encourage good governance as a key part, a rule of law and the like as a key part of a sustainable economic agenda. And so, it will be an issue, I imagine, in how we consider managing these programs as well.

On the supply side constraints, I think it's a very important point because one reason we're focusing on trade facilitation, for example, both in Geneva in terms of a multilateral agreement but very much central to what we're trying to do with the East African community and other communities in sub-Saharan Africa, it's a recognition that our tariffs are probably the least important cost imposed on an export from sub-Saharan Africa. It pales in comparison to the transportation cost and the logistics costs and as you say, the supply side constraints of getting a product from farm to market or from market to the global marketplace.

And we want to look at this holistically and see what we can do to make the region more competitive as a whole so it can take full advantage of AGOA and other preference programs around the world. And participate in the global market.

And with regard to the internet and transparency, obviously, we are looking very hard at the whole issue of transparency and how to ensure we're using all the tools at our disposal to communicate effectively with Congress, with stakeholders, and with the public more generally. And I imagine that will be part of this AGOA review as well.

MR. KIMENYI: Thank you. I think the issue of this political conditionalities may be something that I think may need to be addressed. And the reason why we've been arguing that there need to be some change in the way the provision is -- is like when you have Madagascar for example, which is one part of a region of area chain you know so that it's supplying parts to other countries. The moment Madagascar becomes ineligible you also break the production chains in other countries.

And so this is an issue that we think that you may want to look at more seriously to see whether you can give some allowance for a couple, six months, one year for them to behave so that the production continues because these chains get broken and you end up with negative impacts in different other countries.

Okay so I will take another round of questions. I will go to the back now. The gentleman right at the back over there next to the camera, yes.

MR. AMERICA: Dick America from Georgetown School of Business. You mentioned agricultural products, what about metals, copper, iron ore, value added processing and manufacturing in those sectors? I understand they're sensitive but nevertheless building the manufacturing sector in Africa ought to be a priority and AGOA can help drive it.

MR. KIMENYI: Okay, someone else. Another question. At the back also.

MR. BEHSUDI: Yes, hello. It's Adam Behsudi from Inside US Trade. I just was hoping you could explain with maybe a little more detail the scope of the review, what specific areas are you going to be looking at? Is it just product coverage? But you know, can you explain with a little more detail what you hope the review will include?

MR. KIMENYI: Okay, yes, the gentleman, then I'll come to, yes.

MR. BRACKEN: Yes Len Bracken Bloomberg BNA. Could you give us sort of a preview of how the meetings will be conducted? Will some of the issues regarding product graduation or country graduation be discussed openly or confidentially?

MR. KIMENYI: Okay, why don't you take those? Well, take one more round but why don't you get those ones?

AMBASSADOR FROMAN: Great. Well I think in terms of the review itself, I wouldn't want to totally preempt my speech next week at the AGOA forum otherwise you wouldn't pay attention to it. So I will lay out more details then in terms of how we're going to conduct the review but the intent is not just to look at product coverage but to look at many of the issues that have already been raised here including how does it relate to other economic arrangements? What are the criteria for graduation of either products or countries? How do we think about reciprocity in the notion of this? How do we take into account the changing nature of what's going on in the African economies? How does it relate to other preference programs and other trading arrangements?

And how does the coverage and scope of AGOA relate to the other barriers between what's going on in Africa and their involvement in the global

marketplace? So we expect it to be a broad based review, not simply what kind of product coverage there might be.

I think to the gentleman's point about manufacturing, I think it's a very important point because again, one of the messages we heard loud and clear on this most recent trip is that countries want to climb the value added chain. They want to do more manufacturing of their raw materials in country and get more of a value. And they'd like to make sure that their trading arrangements with us or other major trading partners around the world reflect their priority, that priority of theirs. And so, I imagine that will be one of the issues that gets discussed in the context of this review.

MR. KIMENYI: You mentioned reciprocity in trade, reciprocal arrangements. Would you maybe comment something on EPS?

AMBASSADOR FROMAN: No I don't think I would comment. No let me simply say we have followed with great interest what our European colleagues are doing and their approach to this. We've obviously taken one approach. They're taking a slightly different approach.

I think part of this review and part of this dialogue will be around what are the lessons learned from different approaches, how do they interact, how do we think about that? I mean and I will say and it came up while we were in South Africa, the fact that South Africa has a free trade agreement with the European Union. It's currently being implemented. You have stakeholders who are raising the question of why we should allow South African products into the United States under AGOA duty free when our companies are now facing a competitive disadvantage in terms of access to the South African market. That's one issue that will have to be discussed as part of this overall discussion.

MR. KIMENYI: Okay, very good. So I'll take another, I think we have

one more round of questions, hopefully. The gentleman there.

MR. DIGGS: Yes, thank you very much for coming. My name is Lou Diggs. I'm an independent consultant. Outside the trade sphere there's more and more discussion about product certification specifically with respect to transparency and governance and so on such as the Dodd-Frank provisions on conflict minerals. These certification discussions are covering increasingly broad categories of commodity. Do you see this as part of the AGOA talks?

MR. KIMENYI: Okay, any other questions? Yes, before Steve. Okay, Steve.

MR. LANDE: I'm going to ask a question this time, real fast. One, if you're considering supply side ideas let me put on the table that you have to change the origin rules so you give credit for a product where Africa doesn't produce the final product but they make an input along the value chain. And that's just one idea that's on the table. I think if you look at the tariffs you'll find out that in the agricultural products, for example, tobacco the duty is 350 percent similar rates in peanuts and other products. So I think in a few agricultural products.

But again, the reason I don't want to ask too many questions because you said you want to hear us but nevertheless this could be one issue that's well worth looking at. And then in terms of conditionality, I think many of us support it but we really believe that there should be more emphasis perhaps on peer pressure working with the African countries themselves, the idea of the US taking unilateral action. So again, could that be a way to address the issue keeping our values but making sure we're more effective by working with other countries in terms of getting something done?

Nothing's worse than Madagascar where not only do we undermine the supply chain but we threw 50,000 seamstresses out of work and we have the thugs that

are still there running the government. Thank you.

MR. KIMENYI: Steve somehow probably squeezed in a question there although I didn't get it. But so, why don't you go. I've got some more questions here so we can --

AMBASSADOR FROMAN: Great. Well, let me just -- I think to Steve's questions we'll take them all onboard and obviously we want to be as effective as we can as we seek to promote democratic values and governance reforms. With regard to Dodd-Frank and the Card-Luger amendment, I think the only thing I would add is I'm not sure that'll be part of the AGOA discussion per se since it's very much part of US law. It's currently being litigated. It's an issue for regulation for the SEC to deal with. But I think we think it's been an important innovation in terms of requiring greater transparency in a sector that has been the source of great potential economic activity and growth but also has been the cause of some governance issues over history and we want to make sure we're doing everything we can to bring transparency to that sector.

MR. KIMENYI: Okay, maybe two more questions, two final questions. Yes, the gentleman in the back and with someone.

MR. MILLIKAN: Al Millikan, AM Media. The other issues US has been involved with particularly something like AIDS, how much intersection is there with trade and what you're involved with?

MR. KIMENYI: So is that aid not AIDS? AIDS or aid?

MR. MILLIKAN: A-I-D-S, AIDS.

MR. KIMENYI: AIDS and trade. Okay, one more. I guess that was also part of the health program. Yes.

MS. PENBERTHY: Good morning and thank you again for being here. Shannon Penberthy with Procter & Gamble. As a company that's already been

manufacturing on the continent for more than 50 years, we'd be interested in hearing what you'd have to say about the role you think for US manufacturing on the continent and how we could be a partner with US government in advancing more opportunities there.

MR. KIMENYI: Maybe following up on that, there have been some other proposals in Congress about increasing American exports to Africa. And how are you looking at this? You know, how do you see this tying up with AGOA or other US initiatives that would increase the benefits in terms of exports to Africa?

AMBASSADOR: Well, thank you. I think first of all, in terms of our overall approach on health we view health and food and power and trade as part of a coherent comprehensive development agenda with Africa. And so, there's no direct linkage between one or the other, only that we want healthy growing economies that are educating their people and have the electricity to power their economies trading with us as well. And that's what we see, all the parts of the government, of our government, working with all the parts of their governments to make that come together.

I think the example of P & G is a very good one. In fact, when I was in Abuja last year you were just doing a ribbon cutting on a \$250 million plant there.

MS. PENBERTHY: We start operations in October.

AMBASSADOR FROMAN: In October, that's fantastic and I think the more that US companies make those sorts of investments and see success and are able to demonstrate that success to their other American company counterparts, you know, one of the great challenges I think that Africa wrestles with is the gap between real risk and risked perception. And there are real risks and we should be frank about that. There are tremendous problems and challenges in sub-Saharan Africa from security to economic, social and governance.

But there is at times, first of all, it's not a homogenous place as you all know. And there is at times a gap between the real risks on one hand and the risk perceptions on the other. Nothing breeds success like success. And to the degree that American companies are going in, making sizeable investments and being successful at it, that can be a very positive, have a very positive carryover effect onto other countries as well. We're certainly encouraging of that.

That's a little bit of what our doing business in Africa campaign is about. A bit of what the trade missions are about that the people who will be leading over there and that's very much a dynamic that we want to underscore.

I think to your point about other legislation and other support, we're going to be looking at all of that and obviously want to consult with our colleagues on the Hill as we look at AGOA but also look at their ideas for how to expand the US economic relationship in the sub-Saharan Africa. There's a lot of interest up there in sub-Saharan Africa both in supporting the economic development there but also very much as a market for US investment and for US exports. And that's why I want to make sure as we go through this process we are doing so in a way that maximizes and strengthens the bilateral relationship.

MR. KIMENYI: Very good. We're almost coming to the end of time but I wanted to go back a little bit on the trip that you took very briefly. One of the recommendations that we've been making here in our previous publications was that we would like to see President Obama with a plane full of business people which seems to have happened. And the other recommendation was we were saying that you get high level meetings with the President of China with African presidents and now that's going to happen next year.

You think President Obama has changed his view or has something

happened in the last few -- it seems to be an acceleration of his interest in Africa, his strategies.

AMBASSADOR FROMAN: Well, I think he's always had a very strong interest in Africa and in development. It's one reason at the beginning of this administration that he took on the issue of food security. That wasn't limited to Africa but a big focus of it was there and launched the Feed the Future initiative with Secretary Clinton and Raj Shah at USAID. It's one reason he did the new alliance which is very much focused on sub-Saharan Africa at least initially. And had a very interesting meeting at Camp David at the G8 not just with African leaders, government leaders but with the African private sector.

It's the first he had a meeting like that at a G8 summit to talk about food security and what we could all do together. Governments, donors, private sector and that's the same approach that he's taken to power and to trade Africa as well. So he's had a longstanding interest, a longstanding commitment. He certainly has pressed us and encouraged us to be as aggressive as we could in developing initiatives for supporting what's going on in Africa and that's been our way.

I think you're right that he's called for a summit here next year of all the African leaders. He met with, when he was in Senegal, he met with food security, agricultural related businesses in South Africa, Valerie Jarrett and I and others met with financial investors in Africa. And then in Tanzania he met with a very interesting group of CEOs both from American firms, European firms as well and African firms to talk about the investment environment in Africa.

So he's very much focused on everything that we can do including from a governance perspective and helping to promote young leaders that will help contribute to trade and investment in Africa.

MR. KIMENYI: Thank you very much. Some of us were a little discouraged but we are happier now. I think we will be happier as the time goes on but we have been discouraged. But we feel some confidence that we are going somewhere with new US-Africa trade relations and other aspects. So we are happy with the trip and these proposals that have come up. And we are very happy that you are there.

Now let's thank the Ambassador for this panel. You are given after this time and since we would like to have him again I don't want to abuse that honor but could you please hold on because his security will take him to another place. Just for like two minutes, less than a minute and walk to the -- together with our trustee, thank you very much for honoring us also with these introductions, introducing our speaker. Thank you very much.

AMBASSADOR FROMAN: Thank you.

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