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GROWING THE DEVELOPMENT DIVIDEND: A CONVERSATION WITH U.S. TRADE REPRESENTATIVE MICHAEL FROMAN

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Introduction:

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Keynote Address:

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P R O C E E D I N G S

MR. DERVIŞ: Good morning everyone. It's really a great pleasure and honor to have Ambassador Mike Froman with us today for him to address the issue of trade and development, particularly in the African context.

As you all know he's the United States trade representative which is being the principle advisor to President Obama on trade matters, on investment matters, and the spokesperson, also, for the United States on trade.

The event is organized by the Brookings' Africa Growth Initiative which is an Initiative that tries to bring Africa's voice to Washington, strengthen economic ties between the United States and Africa, and all this done on the basis of research, fact-based analysis, and not just advocacy. Although the advocacy part is also very important.

It's really an honor, Mike, Ambassador Froman, to have you with us. I'll just read a few points on your stellar CV, and then say a few personal words about it too. Prior to becoming USDR, Ambassador Froman served at the White House as assistance to the President, and as Deputy National Security Advisor for International Economic Affairs.

Among other things, he served as a U.S. Sherpa for the G20 and G8 summits. Those summits have great moments, but very, very tough moments. Staff to president for the epic leaders meeting. In addition, he chaired or co-chaired the major economic forum on energy and climate, the Trans-Atlantic Economic Council, the U.S. India CEO Forum, and the U.S. Brazil, CEO Forum.

Prior to joining the Obama Administration, Ambassador Froman served a number of roles at Citi Group, and as a Senior Fellow at the Council on Foreign Relations, and as a Resident Fellow at the German Marshal Fund.

Before that, again in government, in the 1990s, Ambassador Froman spent seven years at the Treasury and at the White House. He received his Bachelor's Degree in Public and International Affairs from Princeton University, a Doctorate in International Relations from Oxford, and a Law Degree from Harvard Law School where he was an editor of the Harvard Law Review.

He was born in California. He thinks California summer has some advantages over the D.C. summer he told me. He and his wife, Nancy Goodman, and their two living children, Ben and Sarah, reside in Washington, D.C.

I've had the privilege of knowing Ambassador Froman for a while, no need to say the exact number of years, but I want to say one major thing. I really think it's important. I don't know whether Professor Alan Mino was my teacher at Princeton was also your teacher, Mike, but he's coined this phrase a heard head and a soft heart. I think it fits Mike Froman perfectly.

A very hard head, tough, analytical, but also a soft heart. I think you need both to be in public service, and to try to reach the goals particularly set by the United States and Africa for their cooperation within the framework of AGOA.

Trade is potentially a win/win situation, but you have to structure it right. You have to do it right so that everybody can, indeed benefit. I think that's for Africa, but also worldwide, the goal that Ambassador Froman has set for himself and for the United States.

So with that let me welcome him again. Thank you for being here, and the floor is yours.

MR. FROMAN: Well, thanks very much, Kemal. I will say that I've known Kemal for 22 years, I put the years on it, when my wife and I and Kemal were traipsing around Albania working on development issues when the first democratically elected government of that country came into being.

Kemal's been a good friend, and a great source of advice and guidance on development policy ever since. So I'm very grateful for being here and for sharing the podium with Kemal.

Martin Luther King once said human progress is neither automatic nor inevitable. Nowhere is that more clear than in the world of development. We need to work at it. That's why, for the last 70 years, the United States has consciously opened up its market, even at times asymmetrically, to help war torn countries rebuild, and poor nations development.

We've done that not only because it's consistent with our values, but also because we have an interest in the stability that comes with poverty alleviation, and the new markets that come from the emergence of a global middle-class.

But much has changed over this period. We face a host of consequential choices about the future of U.S. trade policy and global development, including updating and renewing preference programs such as the African Growth and Opportunity Act or AGOA, and the Generalized System of Preferences or GSP.

With stakes this high the time is right to reexamine the relationship between trade and development, and recommit to a trade policy that will drive broad-based global growth in the 21st century. No time is more appropriate than now, as we prepare to host 50 African heads of state in government for the first ever U.S./Africa leaders' summit to discuss how we can work together to boost growth and prosperity on both our continents.

As we seek to move beyond the barriers that divide our nations it's worth remembering that trade is part of a history that we all share. According to anthropologists the ability to trade across long distances is one of the traits that separates us from other species. From the laying of the silk road, to the rest of the great trading states like the Ghanaian Empire, to the discovery of a New World trade has always been central to development.

The link between trade and development has never been stronger than during our most recent chapter of world history. Since World War II, the United States has been one of the principle architects of a global trading system founded on the principles of openness, fairness, and freedom.

Through that system we've seen time and again how trade advances global development by promoting growth and alleviating poverty.

Here are a few of the most recent milestones from what's been an era of unprecedented progress. Between 1991 and 2011 developing countries' share of world trade doubled, rising from 16 percent to 32 percent. During the same period nearly 1 billion people were lifted out of poverty.

In the mid-1990s, foreign direct investment flows to developing countries grew to surpass official aid flows. Last year ushered in another first. The value of trade between developing countries exceed that of trade between developed countries.

Looking at the historical record, it's clear that while trade alone cannot solve every development challenge it's a necessary part of any successful and sustainable development strategy. The literature on this is clear. Trade fuels faster growth, facilitates investment, reduces poverty in developing countries with more jobs, and increased incomes for the poor.

Trade allows companies to import cutting edge technologies and inputs at lower prices. It drives domestic firms to become more competitive, and encourages efficient resource allocation and specialization.

For small countries with no trade there's very little scope for large-scale capital investments, and limited prospects for specialization. Without export markets, the production of many goods are economically inviable.

But with trade those countries have broader possibilities. Higher growth, more employment, and higher incomes also create more resources with which to finance investments in anti-poverty programs, and provide citizens with better access to public services.

This virtuous cycle depends on a number of other factors such as institutions, rule of law, investment in infrastructure and education, but it breaks down when trade is not part of the equation.

Take Singapore's remarkable rise. When it became independent in 1965 Singapore had a small domestic market, little or no natural resources, and a GDP per capita of $516. Today Singapore is consistently ranked among the least corrupt, most open, and most business-friendly economies in the world.

Contrast this path with the choices of Venezuela, which in 1965 had a GDP per capita more than twice that of Singapore, but is now one of the least open economies in the world.

Last year Singapore's GDP per capita was around $55,000, a roughly 100 fold increase since 1965. While Venezuela's was less than $15,000 notwithstanding its abundant resources. Now, there are a lot of factors that go into this, but openness to trade was certainly among them.

As Chile's experience demonstrates, openness to trade makes firms more competitive by encouraging efficient resources allocation. Both within firms and within the great economy.

During the late 1970s and early 1980s Chile opened its economy to trade, and as a result Chile's export and import competing sectors increased their aggregate productivity by roughly 20 percent and 25 percent more than non-traded goods sectors. Between 1980 and today, Chile has reduced its poverty rate by 75 percent and raised its light expectancy at birth by a decade.

In recent years, of course, the biggest development story of all has been China. After China began opening to international commerce its annual GDP growth increased from 4 percent, between 1949 and 1978, to an average or nearly 10 percent since 1979. This sustained growth lifted 680 million people out of poverty between 1981 and 2010, roughly three-quarters of the worlds' total poverty alleviation during that period.

We welcome the rise of a stable, peaceful, and prosperous China that upholds the rules-based trading system. Not only because human welfare rises with it, but also because as China's domestic demand grows, and as it continues to open its economy to fair competition, American workers, farmers, ranchers, and businesses will find more customers among China's 1.3 billion population and burgeoning middleclass.

Take the first class of graduates from the GSP program. South Korea, Hong Kong, Singapore, Israel, Mexico. Despite their differences each of these nations chose trade as a key part of their economic strategies. A few decades later all are development success stories. They're all significant markets and close partners of the United States.

Their citizens enjoy higher standards of living. Their industries are more globally competitive, and they're better able to contribute as responsible members of the international community.

Indeed, witness the distinction between Asia and much of the Middle East. One region has seen an explosion of trade an integration, and significant achievements on virtually all indexes of development. Over the same period the other remained one of the least economically integrated regions of the world, and has seen much less pronounced progress on the various dimensions of development.

Of course, in seeking development it's not enough to push just for increased growth. We must seek development that is broad-based and inclusive. We must seek development that is sustainable. That's why raising standards is a key objective of our trade policy.

Our preference programs, our conditions on beneficiaries having rule of law, fundamental protection of workers, and basic good government principles in place. Our efforts to negotiate high standard agreements with Asia-Pacific and European partners are focused on securing the strongest labor and environmental provisions of any agreements every signed.

Examples like the garment sector in Bangladesh are a cautionary tale reminding us that trade works for development when its benefits are broadly shared. If workers have no voice, and toil in desperate and unsafe conditions, whether in Dhaka or Prononpen, the promise of trade will remain unfulfilled.

Clearly most must be done. Extreme poverty persists for more than 1.2 billion people. Inequality has increased within developing countries even as average incomes have increased. Population growth threatens to outpace the ability of some governments to provide basic services for some economies, and for some economies to provide sufficient opportunities for its people, particularly for its young.

Moreover, any path forward must account for three changes that are reshaping the world, and revising the relationship between trade and development. The first of these changes is the rise of the emerging economies. They've benefited enormously from the openness and predictability of the global rules-based trading system.

As their role in that system increases, it's only appropriate that their responsibilities for it do so as well. With the increasing importance of south trade and global investment flows now only are these countries better able to provide for their own citizens, but they also have an increased role to play in contributing to the development of their poor neighbors as well.

Second, as it has throughout history, technological change is presenting new challenges and opportunities for global trade and development. Even excluding China, developing country internet usage has risen by over 1 billion users since 2000. Mobile telephone use has grown even faster.

In a world of increased connectivity, farmers and small business in remote areas are more able to access market information, and reach foreign customers than ever before. This creates new opportunities to expand trade, promote inclusive growth, and address major development challenges.

The third and related change, is the importance of looking broadly at all the factors that impact trade. During 1990 to 2010 through multilateral and plurilateral tariff negotiations, and as a result of the GTO exception process average MFN applied tariff rates decreased by roughly two-thirds.

Add to that the development of preference programs and the proliferation of FTAs that eliminate tariffs, and it's clear that non-tariff barriers to trade and supply site constraints on competitiveness play an increasingly important role in determining whether and how trade will contribute to development and poverty alleviation.

When held up against the long arc of history it's clearer that the change is occurring at an unprecedented pace. Yet the potential for trade to drive global development remains as strong as ever. To better realize that potential we need to update our approached to trade and development as well.

President Obama's trade agenda brings traditional policy tools into the

21st century, and offers a more comprehensive look at development. This agenda is formed by hard-headed, honest assessments of trade's potential to contribute to development as well as its limits.

To begin with, we're working with Congress to reauthorize GSP, and to update and extend AGOA, which has been the cornerstone of our trade policy with Sub-Saharan Africa since 2000. Under AGOA exports to the United States have tripled. As AGOA countries improve their business and investment climates the stock of USFDI has almost quadrupled.

AGOA has also supported the diversification of Sub-Saharan economies. Since 2001 non-oil, non-mineral exports under AGOA, to the United States, have increased almost four-fold. But at only $5 billion there is much room for growth.

Twenty three hundred years ago Aristotle observed that there is always something new coming out of Africa. Over the last 14 years thanks, in part, to AGOA we've seen a lot that's new coming out of Africa. To name just a few, between 1999 and June 2011 Lesotho expanded its manufacturing jobs almost three-fold.

Between 2011 and 2013 Ethiopian shoe exports under AGOA increased more than thirty-fold. Last year South Africa exported more than $2.2 billion in AGOA motor vehicles and parts.

AGOA has been good for America as well. Since 2000, U.S. goods exports to Sub-Saharan Africa increased four-fold from $6 billion to $24 billion. Last year U.S. exports to Sub-Saharan Africa supported nearly 120,000 jobs here in the United States. Given that Africa is home to the world's fastest growing middle class, and six out of the ten fastest growing economies, it's easy to see while companies like G.E. Caterpillar, Proctor and Gamble increasingly view engaging with Africa not as a choice but as a necessity.

Behind the growing commercial ties between America and Africa are real people, countless families and communities who have benefited from AGOA. There's the story of fashionable, a natural-based company that employs venerable women in Ethiopia, many of them former sex workers, to produce high quality scarves and leather products.

According to Barrett Ward, the company's founder, the solutions to poverty do not lie in developing a business model that give 10 percent of its profits to charity. The solutions are in developing businesses that do trade with Africa, tying them into the worldwide economy, and giving them manufacturing opportunities.

Fashionable has relied on AGOA to reduce the costs of selling its products in the United States in the highly competitive fashion industry. For the remarkable women behind those products, who are able to support themselves and their loved ones in a life of dignity, AGOA is much more than a trade policy.

There's Randa Filfili from Senegal who's expanded her family's company, Zena Exotic Fruits, to sell processed fruits to over 200 wholesale companies to serve market in Europe and the United States. Ms. Filfili takes pride in producing a competitive product while giving her 40 employees, 90 percent of whom are women, a safe and nondiscriminatory workforce. Ms. Filfili's story, and the numerous others like hers, are to be celebrated.

But there's much work to be done. For too many African businesses regulatory complexity, weak infrastructure, and other capacity challenges have kept the prospects of exporting under AGOA out of reach. That's why I've travelled to Africa four times over the last two years, and why we've launched a yearlong comprehensive review of AGOA.

We've been talking to African and U.S. leaders, ministers, large and small business, academics, think tanks, and NGOs to determine what's worked well and what needs to be changed. As a result, we believe there are many ways to upgrade AGOA including by renewing AGOA and its third country fabric provisions for a sufficient period of time to encourage meaningful investment and sourcing.

By expanding AGOA's coverage while taking into account sensitivities here at home. By simplifying the rules of origin to make it easier for African firms to export to the United States while promoting further production in Africa. By updating AGOA's eligibility criteria and review processes to ensure that we're raising standards in Africa, and have great flexibility to enforce those standards.

The specific parameters of AGOA are, of course, ultimately a prerogative of Congress. We look forward to working with Congress to put in place a program that reflects the reality of Africa's rise. But perhaps the clearest lesson from AGOA over the last 14 years is that market access, while important, simply isn't enough.

For Sub-Saharan Africa to deliver on the promise of being an emerging economy we must deal with the supply side constraints that infringe on Africa's ability to compete and integrate successfully in the global trading system. Here, too, the academic literature is clear. Tariff preferences are not enough. We must address the impact of surrounding constraints.

For the United States, this requires a comprehensive whole of government trade and investment strategy with a renewed AGOA at its core, and the support of both the public and private sectors on both continents. An AGOA compact that brings together our collective resources, and puts us on a common course to trade-led growth and development.

It requires hard infrastructure, roads, ports, and very importantly, access to affordable, reliable electricity. USAID, MCC, OPEC, EXEM, and TDA are active in this area. Including by driving Power Africa.

It requires trade capacity building, technical assistance to implement critical standards. Including by training local laboratories and inspectors to meet sanitary and FIDO sanitary standards, so that African farmers can export more of their product to global markets.

It means providing training and support for young entrepreneurs such as the participants in the Young African Leaders program, and the African Women Entrepreneurship program. And for small businesses through enhanced trade hubs, so that they can take better advantage of market opportunities.

It requires soft infrastructure or trade facilitation, single border crossings, consistent customs' procedures, IT systems that allow customs' organizations to share information so that when a shipment is cleared in Mombasa or Darussalam it doesn't have to be re-cleared by the customs' officials of each country in the East African community whose territory it traverses.

Unfortunately, a couple countries now appear to be revisiting their commitment to implement the WTO Trade Facilitation Agreement later this week. The first fully multilateral trade agreement in the WTO's history, the TFA would make border procedures more efficient, and in doing so cut trade costs by almost 14.5 percent for developing countries and 10 percent for developed countries.

We're hopeful about achieving a consensus because alongside the economic stakes, the credibility of the WTO as an institution rests on the swift implementation of the Trade Facilitation agreement.

Bali breathed new life into the multilateral trading system, and it would be short-sighted, especially for a couple developing countries, to block the implementation of the Trade Facilitation agreement this week. Putting at risk, again, the continued viability of the multilateral trading system, and undermining the development efforts of so many countries reliant on that system.

Addressing Africa's supply side constraints is critical, but there's more that can be done to create demand and build markets as well. Creating market demanded scale by deepening regional integration is important. Our support for those efforts, including our work with the East African community to development a regional investment arrangement is key. Demand can also be promoted through the type of public/private partnerships we've development in the context of Power Africa and the new alliance on food security and nutrition.

Of course, we're no operating in a static world. As Africa entered into reciprocal trade arrangements with the EU, for example, trading relationship beginning to change. European countries have preferential access to Africa's markets while we're giving African firms preferential access to the U.S. market.

In addition, the EU and Canada have each revised their GSP program to adjust to the rise of emerging markets. We needed to take these developments into account as we consider our approach going forward.

Indeed, as we look to the next chapter of U.S. trade and investment relations with Africa, and as Africa itself furthers its effort to deepen its integration. First, as regional economic communities, and ultimately in the context of a continent-wide free trade area, we need to think through how our trade relationship with Africa might evolve from one built around a unilateral preference program to a more reciprocal set of arrangements over the medium and long term.

This isn't every country's approach to trade and development. Some go into developing countries more focused on taking resources out of those countries than investing on human resources in them. It's important that we remain fully engaged and deliver on this comprehensive trade and investment strategy to demonstrate that there is a better way.

As President Obama said in Africa last year, we seek a new kind of relationship. A partnership rooted in equality and shared interests. Next week when the President gathers 50 heads of state in government for an historic U.S./Africa leader summit, to finding the next generation of trade and investment relations will be at the center of their discussion. It's an important moment. For Africa, for the United States, and for our continuing efforts to further development through trade and investment. Thanks very much.

MR. DERVIŞ: Amadou Sy is the Senior Fellow of the African Growth Initiative. Thank you very much.

MR. SY: Thank you again, Ambassador Froman for a very comprehensive review of U.S. policy when it comes to trade with Africa. Taking us back all the way to the Empire of Ghana, so that's appreciated.

If you are on Twitter please use #africasummit. So I will just start with a couple of questions. I will have to say that's a difficult task for me given the comprehensiveness of the speech, but I'll give it a try.

So we've had 14 years of AGOA, it has been since 2000, AGOA's set to expire in 2015. There's a lot of anxiety from different stakeholders. You were in Ali Sababa in 2013 for the AGOA forum. You've heard from the African policymakers that they would like AGOA to be renewed as soon as possible. I'm sure you hear from the private sector too.

So could you guide us a little bit in the process to have AGOA renewed? We are not far from 2015. It would be useful to have a sense of how the issue is progressing.

MR. FROMAN: Sure. Well, the program is set to expire at the end of September 2015, and it's one reason why we launched the review of AGOA just about a year ago so that we would be able to take that period of time, take the input from a wide range of stakeholders, and be able to come to some conclusion about the kind of recommendations that we'd like to make to Congress regarding its renewal.

We're looking forward to next week's AGOA meeting, the AGOA Ministerial which will be held on Monday, and the Leader Summit, very importantly, that will be held on Tuesday as a way of kicking off our discussion of AGOA renewal.

Again, AGOA is ultimately a prerogative of Congress. It's Congress' responsibility to define the parameters of AGOA, but we very much look forward to working with them to make sure there is a seamless renewal of AGOA as soon as possible.

We've already begun having conversations on the Hill. We've been consulting with relevant committees and relevant members. I'm pleased to say that AGOA is an area where there is bicameral, bipartisan support. There are a number of members who are very eager to move forward with AGOA renewal and look forward to engaging on the substance of that with us. We very much look forward to engaging with them.

MR. SY: Thank you. A second question that relates to the performance of AGOA. As you said, U.S. imports from Africa has tripled from about $8 billion in 2000 to about $25 billion now with a peak of $50 billion in 2008. But most of it is oil. You've seen oil from Nigeria going down a little bit with all the new discoveries in the U.S. and the fracking, and so on.

But the question is about the potential. The U.S. ITC has identified a number of area, I like the cut flowers example, so could you tell us a bit about the initiatives, the progress, and the efforts being done in that regard?

MR. FROMAN: Sure. As you say, U.S. imports from AGOA countries tripled. When you take out oil and minerals they've gone up about four-fold from 1.4 billion to almost 5 billion. But that is still relatively modest, and we want to see that grow as we take AGOA forward.

That's why we want to take a compressive approach to trade and investment with Sub-Saharan Africa, and recognize that it's not just the tariff issues, but the supply side constraints that also contribute to the competitiveness of products coming out of AGOA countries and their ability to succeed in the global marketplace. Issues like hard infrastructures, soft infrastructure, capacity building.

With regard to the tariffs themselves, for LDCs in AGOA 97.5 percent of all tariffs are duty free, tariff lines are duty free. There are about 316 remaining tariff lines that still have a duty on them. Some of those are very sensitive products to the U.S. market, but we think that there is some room for looking at those 316 lines in collaboration with Congress to determine whether there is additional tariff coverage that might be possible.

But even expanding the tariff coverage it's very important that we deal with these other issues: roads, ports, electricity, customs and trade facilitation, the single IT systems that can talk to each other, taking costs out of the system. As we know, and there's been a number of studies on this, a container of products coming out of Africa sometimes costs two or three times as much to transport as an equivalent contained of products coming out of parts of Latin America of Asia.

If Sub-Saharan Africa's going to compete on the global marketplace in these areas we need to take out those costs. That's why the Trade Facilitation Agreement agreed to at the WTO, and being debated this week in Geneva is particularly important.

MR. SY: This may be the last question regarding Europe. So the European Union and the U.S. have different strategies when it comes to trade with Africa. Reciprocity is something that the U.S. is not asking whereas the EPA requires something back in return, opening up African markets for European companies.

So basically I see that you were the German Marshal, so how does these differences in strategy affect or could affect AGOA renewal?

MR. FROMAN: Well, I think this is something that we're going to need to look at, as I mentioned in the speech. On one hand, we're providing unilateral access to African products to the U.S. market. On the other hand, our companies face, in various markets, significant tariff barriers while European firms may have preferential access there. That, over time, is not a sustainable situation.

You know, there's a wide range of country situations among the AGOA countries. It may be possible over time to move towards a more reciprocal relationship or to move off of preference programs with some of the current AGOA members.

But that's a dialogue that we need to begin having. Even as we renew AGOA now we need to be having that dialogue about the future of our trade investment relationship with Sub-Saharan Africa, and how it might evolve to take into account the developments you mentioned as well as others.

MR. SY: I would like to open it to the floor now. I think we have time for maybe three questions or so.

MS. GUIDO: Victoria Guido with Inside U.S. Trade. Ambassador Froman, you made sort of reference to this, but I wanted to ask you more directly. Is there the potential to cover agricultural products that are currently covered by tariff rate quotas under AGOA?

Then my second question is on South Africa. Is that something, that reciprocity discussion, is that something that is happening now in terms of when that might happen?

MR. FROMAN: I think, as I mentioned, for the LDCs in AGOA there are 316 tariff lines that are not included. Those tend to be in the agriculture and textile area. Some of those products are extremely sensitive, from an import perspective in the U.S., and we would not intend on opening those up.

But I think it bears some work to look line by line to see whether there are lines that could be opened up without violating sensitivities. That's a process, again, we'd have to work with Congress on. It's Congress' prerogative ultimately, to do that.

I think with regard to South Africa, certainly there is an area where this issue of differential access, for example, between our companies and European companies has come to a head, and where issues about barriers to the South African market have garnered a lot of attention.

So that is an area where we would like to have a dialogue with our South African partners and determined how best to move forward. Even as we look at the renewal of AGOA how do we move forward bilaterally to address some of our outstanding trade issues?

MR. ACUBEE: Framie Acubee, I'm a Nigerian. My question. The undercurrent in the continent is that people there think that the U.S. is using the back entrance in regards to China between the U.S. entity and our resource in Africa.

My second question is do we have any new instrument to finance long-term infrastructure development in the continent? Thank you.

MR. FROMAN: I want to make sure I answer the question. Framie, I think in our view, and I think the President said this very well when he was in Africa last year, African ought to have trade and investment relationships with every country. It's really up to Africa to determine what the nature of those relationships are, and what relationships and what the rules of the road should be that work best for it.

We have a particular approach to development. We want to make sure that we're investing in resources in the country. That's why we're focused, for example, this week on having young African leaders here in Washington for training programs to help build human capacity. It's why we're invested so much in the Power Africa initiative to try and bring affordable sources of energy, and reliable sources of energy to the continent.

But every country will take its own approached. It's really up to Africa to determine how best it wants to pursue its own development.

With regard to infrastructure, we are working, and again, I'll focus on Power Africa as an example where we have OPEC, EXEM, and we're working closely with the multilateral development banks to finance that part of the infrastructure puzzle. We think there is great potential and great private sector interest to work closely with the private sector in building out energy capacity and distribution in Africa.

MR. LANDY: Steve Landy, Manchester Trade. Always a pleasure to hear the ideas put together. This is a great beginning. How they are filled out will be determined, but the fact that you laid them out, and every single point that we, who have followed AGOA closely, would have raised worth looking at has been looked at in your approach. So we have to see what happens, but it's just great.

Two quick points. One a quick response on the question that was asked about the 316 products. There's a few agricultural products that are going to be liberalized significantly as a result of the Bali Agreement dealing with products where the TRQs are not being filled. Some of those products are very important to Africa, so that might be one area where we're heading to liberalization and may be worth looking at.

But to yours truly, the real big question is that as we move towards free trade agreements there are two theories. One theory is let the Africans, within their own medium-term, finish creating their own economic groupings, and then negotiation, whether it's with the Continental FTA, whether it's with the regional agreements, so we can avoid the problems that the efforts have caused where you go after individual countries. It has led to a lot of problems, and actually a lot of bad will. The U.S. certainly is appreciated for our own role.

The other question is no, let's just start now. So when you say medium-term the question, which I think most of us focus on, are we going to allow time for Africa to at least have an opportunity to move towards regional integration or do you think that we have to move, perhaps, faster than that? Thank you, sir.

MR. FROMAN: Well, as you point out there is a great deal of work being done in Africa right now on integration among the regional economic communities, and then ultimately across the continent.

I think that's part of the conversation that we need to have with our African partners about what they're doing on regional integration. Might interact with how our trade policy evolves towards a more reciprocal arrangements over time. So I think that's a conversation that we need to begin having, and make sure that it works from both perspectives.

MR. WOOD: Barry Wood, Money Web in South Africa. Ambassador, Froman, would you say more about the TFA? What other country besides India is blocking this agreement, and what are the prospects?

MR. FROMAN: First of all, the Trade Facilitation Agreement reach in Bali was a critical part of an overall balance package that was reached in Bali. Within the

Trade Facilitation Agreement it's a balanced agreement.

Developing countries can set their own schedules for implementation. They can identify which of their obligations they need technical assistance for in order to deliver. So we try to make it as flexible and as possible to accommodate the various interests of developing countries, and work with all the developing countries and the various groupings to do that.

At Bali, the Trade Facilitation Agreement, was part of a larger agreement that included issues regarding LTCs, issues regarding food security and food stockpiling. The whole package was accepted unanimously by the membership of the WTO in Bali as a balanced package.

Each of the elements of that package had its own work plan and its own time table. Each element had its own deadline for work. One of the deadlines coming up is July 31st, Thursday is the deadline for acceptance of the Protocol of Amendment at the WTO for the Trade Facilitation Agreement.

We are hopeful that they'll be a consensus of support for moving ahead with the acceptance of that protocol. But there were discussions last week, and a small number of countries appear to be willing to block that consensus.

We're reassuring them that we are fully committed to implementing all of the elements of the Bali package consistent with the time tables that we all agree to, and we're encouraging them to join the consensus to allow the protocol to go into effect.

MR. SY: If I can just follow-up on that one. From some African countries we hear the message that the principles of the TFA are okay, but they need more resources. They need more help in terms of basically moving along. So do you see some possible support from the U.S.?

MR. FROMAN: I think there's a great deal of support there for that. Rah

Shaw, the administrative AID, and I convene a meeting in April here around the World Bank IMF meetings with donors, with multilateral development banks precisely to talk about how to mobilize resources for technical assistance, and make sure that they were coordinated in a fashion to support country's ability to implement the Trade Facilitation Agreement.

Last week, Roberto Azevedo, the Director General of the WTO, announced a new facility there at the WTO to provide resources for technical assistance on trade facilitation.

The United States has been a major supporter of Aid for Trade over the last decade, as have other major donors. We certainly are focused on ensuring that we continue to do that in order to help countries implement their trade facilitation obligations as well.

MR. SY: I believe the African Development Bank also is thinking about a facility. We'll take a couple more questions.

MR. SCHNEIDMAN: Witney Scheidman, Brookings in Covington. Thanks so much for your great remarks and hitting on a number of key issues. Two points.

On the EPAs, is there scope within TTIP to raise this issue to talk to the EU about harmonizing the U.S. approach and the EU approach to Africa?

My second point is the trade hubs which have so much potential to really not only help African companies export to the U.S., but U.S. companies capture part of the African market share. Is there scope for really having them become one stop shops as it concerns EXEM and TDA and various U.S. agencies, which I think would be really helpful? Thanks.

MR. FROMAN: Well, TTIP was intended not only to bring the U.S. and the EU together in terms of their markets, but also to create a mechanism where the two of us could cooperate vis-à-vis third country issues.

We've not just discussed Africa or are varying approaches to trade relations with Africa, but it's certainly something that we could discuss going forward.

In terms of the trade hubs this is an area that we'd like to further development, and see potentially as one, that you say, that both helps promote exports from Africa as well as promote investment in Africa, and one that can bring together the multiple resources of the U.S. government to create an easier consumer-friendly one-stop shop for support in that regard. That's one of the areas that we intend to develop.

MS. DAVEY: I'm Kathleen Davey, Mistry Enterprises Consulting. I'm active in the MENA Region, and I'd like to better understand that level of trade and cooperation between the MENO Region and the African growth and your work in AGOA.

MR. FROMAN: Well, AGOA has traditionally been focused on Sub-Saharan Africa. The MENA region has been considered separate from that.

Leaders will be here next week from all of Africa, including North Africa. I imagine they'll be an opportunity to talk about our trade investment relationship more generally with the whole region.

MR. KING: Hi, I'm Mike King with the law offices of Peter C. Hansen here in D.C. Thank you very much, Ambassador Froman, for your comments.

I wanted to follow-up, if I could, on the question from, I believe the Nigerian gentleman, when he asked about what new measures are available to increase investment and trade. Of course, you mentioned Power Africa and AGOA, which certainly stimulate the private sector investment.

But I wanted to ask you about the viability of investment agreements, new investment agreements or update investment agreements in terms of bilateral investment treaties or, perhaps, regional investment treaties, for example, with the East African community.

I know China and Canada have signed quite a few of those treaties recently. There are certain elements of those treaties which have become quite controversial, but I wanted to just ask if there are any discussions going on right now about getting more of those treaties online with the U.S. and African countries or African regions? Thank you.

MR. FROMAN: Well, as you probably know, we signed a BIT with Rwanda, ratified by the Senate, early in this Administration, and we are working with the East African community on a regional investment arrangement. We're having a dialogue with them precisely along those lines of how to send a very positive message about that regional economic community as a destination for investment.

So we're open to having that dialogue. I imagine that will be part of the broader dialogue about what kind of reciprocal relationships going forward we want to have in the trade investment field.

MR. PALMER: Hi, Doug Palmer with Politico. Ambassador, you laid out a number of ideas today for reforming, upgrading AGOA. You talked about it's Congress' prerogative right to legislation. I just wondered will the Administration make a formal proposal laying out its ideas for modernizing AGOA?

Just in terms of South Africa, they had expressed concern about this idea of graduating, you know, countries that have reached a certain level of development from AGOA. Is that an idea that's sort of on the table for reauthorization?

MR. FROMAN: Well, we've begun conversations with Congress about AGOA, giving them readouts of the results of our review over the last year, and we look forward to continuing those conversations as they take up the AGOA renewal effort.

Again, it's up to Congress and it's their prerogative to renew AGOA and to find the parameters of it, but we look forward to having a dialogue with them about how we think it can be upgraded as they consider its renewal.

With regard to graduation, you know, I mentioned that both the EU and Canada have reformed their GSP programs to take into account the increasing role of emerging economies in the global economy. That's just one of the many issues we need to take into account as we think through how our trade relations with, not just Africa, but developing countries around the world, might evolve over time.

MR. SY: I will take this time to thank, again, Ambassador Froman for his time and very useful remarks.

MR. FROMAN: Thank you.

MR. SY: We always appreciate when Senior Officials talk about Africa in Washington.

If I could just ask you to remain seated while we escort the Ambassador. It won't take long. Thank you.

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