Facilitating Agricultural Trade and Development under AGOA

Remarks by
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Thank you Minister Birru for your kind introduction. I also want to thank His Excellency President Kufuor and all involved for the hospitality in hosting this very important event.

This is my first AGOA Forum, and I am delighted to be able to speak on the future of agriculture and trade between our countries.

Not only am I excited about participating in this forum, but another member of my family who is from Ghana is also very excited. Our nanny who helps care for our four children is from Accra. In fact, she was thrilled two years ago when we arranged for her to meet President Kufuor when he was at the White House visiting with President George W. Bush. Nada is a very special and extraordinary person since all four of our children are under the age of three.

I am honored, and I am grateful for the opportunity to address such a distinguished group.

What a year it has been for many African countries! Last month, President Amadou Toure of Mali was inaugurated for a second term. What a splendid moment that was, where for the first time in Mali's history a democratically-elected president was re-elected.

Earlier this year, Ghana celebrated 50 years of independence. As you look ahead from today, we are all proud of the excellent progress Ghana has made to establish a market-based economy where human and workers' rights are protected. These governments are creating the opportunity for trade and investment to thrive, and, more importantly, for their people to raise their voices and be heard.

Because they are providing opportunities for commerce and income generation, both Mali and Ghana are upholding what AGOA's mission is really about. It is a widely held belief, by our most esteemed international institutions, such as the World Bank, the Food and Agricultural Organization, as well as other major non-profit institutions, that trade increases local income, which reduces poverty, which eradicates hunger.

Consider this: What if the AGOA countries could capture an additional 1 percent in global trade, as mentioned by U.S. Trade Representative, Ambassador Schwab earlier this morning?

If this were to happen, it would generate about $70 billion in income, which is nearly 10 percent of sub-

Saharan Africa's Gross National Income, according to the World Bank.

Trade matters. There is no dispute about this. We all can see that AGOA is a tremendous success. More than 98 percent of U.S. imports from AGOA-eligible countries entered the United States duty-free in 2006. Total two-way trade between the United States and sub-Saharan Africa increased 17 percent to more than $71 billion. Let's exploit AGOA's established strengths, such as duty-free access. Then let's exploit AGOA's emerging strengths, such as agricultural trade.

I see an opportunity to realize the potential of agriculture in sub-Saharan Africa.

For the third year in a row, sub-Saharan Africa captured growth in the 5 to 6 percent range. The International Monetary Fund expects growth to reach 6 to 7 percent this year. This is not just because of oil. In fact, non-oil producing and oil-producing countries grew at equal rates. As growth is sustained, African countries are supporting their development with a diverse supply of U.S. goods.

But agriculture productivity and diversification needs attention. Right now, agriculture accounts for 35 percent of sub-Saharan Africa's GDP, 40 percent of your exports, and 70 percent of your employment. The International Food Policy Research Institute estimates that a 1-percent increase in agricultural productivity would significantly raise the income of more than six million people. Think of what that would do in many AGOA countries.

The United States understands that direct investment as well as capacity building spurs growth. That is why since 2001 we have committed more than $1 billion in U.S. trade capacity funding. Last year, our commitment reached $394 million, up 95 percent over 2005. But our role is only a minor one in igniting Africa's agricultural engine. The real driving force is a robust and diverse stream of agricultural exports.

Now, the next question most certainly is: How can Africa capture an additional share of global trade with agriculture? There are four key ways. First, adopt or meet international standards. Second, provide opportunities for investment and partnerships. Third, diversify products and expand value-added exports. And, finally, remove barriers to trade.

Before any country can export fresh agricultural products, they must be able to meet international sanitary and phytosanitary regulations—SPS regulations for short. What SPS regulations mean, in plain language, are standards that apply to plants, animals, or any products derived from plants and animals. Countries that adopt these rules are protecting the health of animals, plants and people in all of our nations. These standards are there to ensure safety of products for all consumers, not to be used as barriers to trade.

But you spoke differently about the standards to U.S. Agriculture Secretary Mike Johanns, especially during the AGOA Forum in Dakar, Senegal. You mentioned that the U.S. regulatory process was too long, and served as a de facto barrier. He heard you, and upon his return, charged the Department with streamlining the regulatory requirements for allowing new fruits and vegetables into the U.S. market.

I am proud to announce that, late yesterday, USDA implemented a fundamental change in this process that will allow for quicker consideration of market access requests from sub-Saharan Africa.

The new rule, called Q56, was published in our Federal Register yesterday, and will eliminate the need for time-consuming regulatory changes for many new market access requests. Instead, we will be able to follow a two step administrative process: Once the risk analysis is completed we will publish it for public comment. Assuming that there are no comments that contradict the risk assessment, we can publish a final notice and begin to issue import permits.

This is tremendous news for U.S.-Africa trade. Rather than requiring specific rules to be generated for each commodity—a process taking 24 months or more—we can publish our risk assessments and then begin issuing import permits in considerably less time.

Not only have we published this rule, but, the first commodities to be affected will be for AGOA countries. Import requests that were pending for eggplants, peppers and okra from Ghana; baby carrots and baby corn from Kenya; and gooseberries and currants from South Africa are being addressed under this new process. We published these risk assessments for public comment yesterday. Assuming there are no issues raised during the 60 day comment period, we will move forward to allow imports of these commodities.

These agricultural products that will be approved for export to the United States will join the others that were approved before the new rule was published: table grapes from Namibia, baby corn and baby carrots from Zambia, and shelled peas from Kenya.

All of these products represent a victory for AGOA, for two-way trade and for international standards.

The Q56 rule is the latest, but certainly not the only, way in which the United States wants to work with AGOA countries to adopt international standards. To have standards, countries must have the governmental capacity to draft and enforce them. This means they need strong plant and animal health and food safety systems.

Thanks to the collective efforts of many U.S. Government agencies, agricultural advisors are now helping to build capacity in AGOA-eligible countries to meet a variety of international standards. We are working across the board in so many ways to help make this happen. In the fall of 2006, USDA and the U.S. Agency for International Development launched a 5-year, $11.5-million AGOA SPS program which addresses exactly the issue of strengthening African countries' animal and plant health systems.

Currently, a team from USDA is advising Namibia on U.S. meat regulations that will lead to a safer food supply. Namibia has already adopted some changes at the government and industry levels that reflect equivalency to U.S. meat inspection standards.

In Senegal and Mali, our advisors are helping to develop inspection protocols for processed foods.

Agricultural advisors have also evaluated Kenya's packhouses and assisted the country's efforts to receive approval to export fine beans to the United States. In Ghana, we've supported officials and exporters as they combat whitefly infestations. And in Kenya, Tanzania, Uganda, and Zambia, we are helping to develop a web-based, plant pest database to improve information-sharing nationally, regionally and internationally.

This is how we are going to make real change in your economies—by building knowledge and professional relationships. In the past 18 months, the USDA Cochran Fellowship Program provided short-term agricultural training in the United States to 61 participants from 10 AGOA countries. Since 1984, more than 1,000 individuals from 25 AGOA countries have participated in the Cochran Program. On this trip, I am going to meet a number of the Cochran Fellows. This is personally meaningful to me, as I worked directly for Senator Cochran of the State of Mississippi for 18 years, and know how proud he is of what this type of training program offers public and private officials worldwide.

Another way we are building partnerships is through our prestigious fellowship program named after the Nobel Laureate, Norman E. Borlaug. Yesterday, Norman Borlaug received a Congressional Medal of

Honor from President George W. Bush, the highest honor one can receive in the United States, for his contribution to eradicating hunger.

When USDA started the Borlaug program, Dr. Borlaug insisted that we reach out to African university professors and educators. We have met his charge, and have trained 48 university participants from 10 AGOA countries since 2006 under the Norman E. Borlaug Fellowship Program. This in-depth training, which occurs in the United States and in the recipient's country, will transfer knowledge between our countries and make lasting professional and personal relationships.

I have spoken about human and institutional capacity building as critical to creating a positive atmosphere for trade. We also need investments and partnerships. Perhaps some of you know that the U.S. Agency for International Development manages four Regional Trade Hubs in Botswana, Kenya, Senegal, and here in Ghana. Whether you are an exporter, a producer, a creditor or a person with a great idea, the Trade Hubs are the place to go to learn about taking advantage of market opportunities. In fact, USDA has positioned SPS advisors and agricultural attachés in some of the Trade Hubs to provide information about the requirements necessary for exporting agricultural products to the United States.

Ultimately, it is up to African exporters to find opportunities in the U.S. market. But U.S. direct investment in Africa is also enhancing U.S.-African business partnerships. The United States is a leading provider of foreign direct investment to Africa. At year-end 2005, the U.S. direct investment position rose 16 percent, to $14.8 billion.

We have to be candid with ourselves when we talk about increasing AGOA countries' market share in the global economy—the commodities traded cannot just be the traditional ones that your countries sell now. There is a world of possibilities out there, many of which AGOA countries have seized already. Take Mauritius, for instance. Mauritius has seen its canned tuna exports to the United States skyrocket from $3.7 million in 2005 to more than $36 million in 2006.

Diversifying products also means looking for gaps in the market and cooperating regionally. Organic products are booming in the United States. Organic sales are currently worth about $15 billion and are increasing by about 15 percent annually. The global market for organic products in 2006 was $40 billion. But farming organically requires committing to two principles: ecologically-sound production and organic integrity.

And now organizations like the Common Market for Eastern and Southern Africa, or COMESA, have a model for success in organic standards in Africa. Recently, the East African Organic Products Standard —the second regional organic standard in the world after the European Union—was announced through a public-private partnership supported by the United Nations.

Once standards like these are in place, supported by organized regional networks, U.S.-Africa trade should be able to increase.

We appreciate every opportunity to talk with our international partners about seizing opportunities in new markets. We also understand how important it is to remove barriers to trade so that existing and future opportunities may flourish.

The Doha Development Agenda gives us the opportunity to make this a reality. What is really at stake is harnessing the full potential of trade to benefit developing economies. Two-thirds of the WTO member countries are developing countries; 32 of these are considered Least Developed Countries. In these countries, over 70 percent of the poor live in rural areas where agriculture is the employer. Based on a World Bank study, roughly half the global economic benefit from free trade would be enjoyed by developing countries, and more than 90 percent of their gains would come from reducing import tariffs. The Peterson Institute for International Economics estimates global free trade could lift as many as 500 million people out of poverty and inject $200 billion annually into the economies of developing countries.

For the past six years the United States has pursued an agreement in the Doha Round that will spur economic growth and development—especially in the world's poorest countries—by creating new trade flows and disciplining trade barriers.

We, in the United States, have approached Doha with a steady message. We are willing to reduce our agricultural subsidies in a substantial way, but we expect a high level of ambition for improved market access, which will directly benefit economic growth in developing countries.

At the same time that we are working in the WTO on these international trade issues, we are also working at home to formulate new domestic farm legislation. In the U.S., we call this major piece of agricultural legislation the Farm Bill. Every five or six years, the current legislation expires and we review our commodity programs, trade, conservation, credit, agricultural research, and marketing policies.

American farmers—like farmers anywhere—operate in a global environment, and we want our domestic programs to be better able to withstand challenge by other nations.

USDA has proposed to our Congress a U.S. Farm Bill that makes sense for the future. USDA's proposals would reform current farm policy to make it more market-oriented and more predictable.

Secretary Johanns and all of us have been working with Congress and will continue working hard as the legislative process evolves in the weeks and months ahead.

In closing, those of us at USDA take seriously our responsibility to the agricultural community at large. I come here to tell you that with trade comes great responsibility and great reward. In the end, what is beneficial for all of us is to increase two-way trade. And since AGOA was signed, the United States and AGOA-countries have experienced a surge of 143 percent in two-way trade. We are on the right path.

Yet the potential that agriculture holds is so powerful that we are still just scratching the surface.

I have spoken about capturing 1 percent more of global trade and I've outlined four ways I think it can happen. First, adopt or meet international standards. Second, provide opportunities for investment and partnerships. Third, diversify products and expand value-added exports. And, finally, remove barriers to trade.

I want to hear your thoughts on how we can facilitate agricultural trade and development under AGOA. But I believe that 1 percent is out there—all around us on this beautiful continent—and together we will find it in agriculture.

Thank you all so much.