Sent: Monday, March 19, 2007 5:20 AM
To: FN-USTR-FR0704
Subject: *for Bangladeshi and the LDCs Products*

Generally the least developed countries like Bangladesh's exportable products are not diversified like that of the developed countries. Textile & Clothing is a dominating sector in many LDCs and the sector constitutes a lion's part of the LDCs export basket (*in 2003 RMG had a contribution of 26% or more in the export basket of sixteen LDCs*). For Bangladesh RMG alone constitutes 75.06% (FY 2005-06), if we add up other components then it will go up.

The 3% barrier may be used for the inclusion of the major exportable items of the LDCs in the US market which will make the burden heavier for them with respect to the developed worlds. It is like a boy is forced to carry the same weight like that of a full-grown man.

The 3% barrier to the US market costs (in terms of duty paid) Bangladesh US$487.00 million by exporting only US$3.26 billion; whereas for France it is only US$367.00 million against export of US$36.80 billion and for England it is US$430.00 million against US$53.50 billion export to the US market for the year 2006. With this scenario it is clear that how the LDCs are being suffered because of their limited export basket where the duty is higher. *This picture must be changed and the least developed countries shall have 100% duty and quota free entry in the **US** market for a better and equitable world.*

So, in light of the above we urge the US to provide 100% duty free-quota free market access for Bangladeshi and other LDCs products.

Regards

Mohammad Abu Sayeed

March 16, 2007

Gloria Blue, Executive Secretary
Trade Policy Staff Committee
Office of the U.S. Trade Representative
Washington, D. C.
Electronic transmittal: FR0704@ustr.eop.gov

Regarding the TPSC Request for Comment on the 2005 WTO Ministerial Decision on Duty Free-Quota Free Market Access for the Least Developed Countries. Federal Register/Col. 72, No. 11/January 18, 2007

We are coming together as major contributors to the U.S. agriculture and food production and consumption base to voice our support for the full implementation of duty-free, quota-free (DFQF) access for least-developed countries (LDCs).

We believe the full implementation by the United States of DFQF access for the world's poorest countries is a valuable reinforcement of the Doha Development Round objectives, and will contribute to achieving the underlying mission of ambition in liberalizing global agricultural markets. As market access gains in export markets are critical to maintaining the competitiveness and viability of the U.S. agricultural industry, so too are these gains critical for developing nations, and especially LDCs.

As a global leader the United States must seek ways to create both the opportunity and the incentive for the production and export of goods from LDCs. This means we must fully open our markets to the products these countries produce or have a natural competitive advantage to produce if investments are made in response to open markets.

Of particular importance is ensuring that <u>all</u> agriculture is included in a United States DFQF program for LDCs. Such comprehensive inclusion is not the case today.

Throughout the developing world, agriculture accounts for more than half of total employment. But agriculture's relative importance is far greater in those countries where hunger, starvation, and poverty are most widespread. In countries where more than 34% of the population is undernourished, agriculture represents 30% of Gross Domestic Product (GDP) and nearly 70% of the people rely on agriculture for their livelihoods.

Today, 75% of the world's poor live in rural areas, and increases in urban poverty tend to be fueled by people migrating to the cities to escape rural deprivation. No sustainable reduction in poverty is possible without improving livelihoods in rural areas.

The United Nations' Millennium Project Task Force on Hunger recognized that <u>export</u> crops offer farmers important sources of cash income that are necessary for driving rural economies. Economic growth originating in agriculture can have a particularly strong impact on reducing poverty and hunger. Increasing employment and incomes in agriculture stimulates demand for non-agricultural goods and services, providing a boost to non-farm rural incomes as well. The United Nations Food and Agriculture Organization reports that a recent study in five sub-Saharan African countries showed that adding US$1.00 to farm incomes potentially increases total income – beyond the initial $1.00 – by between US$0.96 and US$1.88.

There is clear evidence that market access works as a development tool. One recent example that has come to our attention is the increased investment in sugar production and refining in some of Africa's poorest countries in response to the European Union's Everything But Arms program, which will give DFQF access for sugar imported into the EU from LDCs in 2009. It is estimated that more than 16,000[1] new jobs will be created in Mali and Mozambique alone in response to this new commercial opportunity.

Opening markets to LDCs also helps lower investor risk by broadening available markets to absorb expanded production. One of the most critical factors to achieving production and export growth in these countries is attracting new investment to build supply side capacity. LDCs need guarantees that export markets will remain open for their products to attract viable investment. Permanent duty-free quota-free access is one such guarantee.

We urge the Trade Policy Staff Committee to endorse complete duty-free quota-free access for exports from least-developed countries and to ensure that 100% of agricultural tariff lines are included.

Mars Incorporated Cargill, Incorporated General Mills, Inc.

The Hershey Company Kraft

[1] Mali: Makala Sugar Project Summary. Project will create 8,000 new jobs in Mali. Illovo Sugar Limited. Mozambique: South African sugar producer Tongaat-Hulett in January 2007 press release stated it was expanding investment in its two sugar refineries to take advantage of duty free quota free access to the EU in 2009. Facility in Xinavane will see 6,638 new jobs and Mafambisse 2,145.

Sent: Saturday, March 17, 2007 12:28 AM
To: FN-USTR-FR0704

100% Duty and Quota Free Entry in the US Market for Bangladeshi and the LDCs Products

Generally the least developed countries like Bangladesh's exportable products are not diversified than that of the developed countries. Textile & Clothing is a dominating sector in many LDCs and the sector constitute a lion's part of the LDCs export basket (in 2003 RMG had a contribution of 26% or more in the export basket of sixteen LDCs). For Bangladesh RMG alone constitute 75.06% (FY 2005-06), if we add up other components then it will go up.

The 3% barrier may be used for the inclusion of the major exportable items of the LDCs in the US market which will make the burden heavier for them with respect to the developed worlds. It is like a boy is forced to carry the same weight like that of a full-grown man.

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This picture must be changed and the least developed countries shall have 100% duty and quota free entry in the US market for a better and equitable world.

So, in light of the above we urge the US to provide 100% duty free-quota free market access for Bangladeshi and other LDCs products.

Regards
Farida Durrani
Kabul,Afghanistan

e-mail: FR0704@USTR.EOP.GOV

Subject: "Duty-free, Quota-Free"

"There should be no discrimination of treatment among LDCs. All LDCs should be granted duty-free and quota-free market access for all products. US must grant duty-free and quota-free market access for all products which have export interest to Bangladesh, particularly garments, textile, apparels, footwear, leather and frozen foods".

We produce best quality leather especially our goat skins are favorite in the world market because of its fine gain. We also have cheap labour force that may be used easily for production of leather and leathergoods leading to rapid growth of footwear industry in Bangladesh. Though our contribution to the world market is not significant, still we have the quality leather and leathergoods and cheap labour force to produce quality footwear for importation in the USA market and as such we may be allowed duty free and quota free access to the USA market .

Thanking you,

Yours sincerely

Md. Tipu Sultan
Chairman
BFLLFEA

Copy to -

Sharifa Khan ,Deputy Director,
WTO Cell
Ministry of Commerce
Phone: 7171528

HARRY KOPP, LLC
1627 K STREET, N.W., SUITE 600
WASHINGTON, D.C. 20006

Telephone: (202) 223-3096
Cellular: (202) 431-6870

Facsimile: (202) 536-4365
e-mail: hwk@harrykopp.com

March 16, 2007

Gloria Blue
Executive Secretary
Trade Policy Staff Committee
Office of the U.S. Trade Representative
600 17th Street NW
Washington, DC 20508

Re: WTO Duty-Free/Quota-Free Initiative

Dear Ms. Blue:

I am writing in response to the notice published in the January 18, 2007 edition of the Federal Register, 72 Fed. Reg. 2316, to submit the views of James Ledesma, the Administrator of the Sugar Regulatory Administration of the Philippines, concerning the United States' implementation of the WTO duty-free/quota-free (DFQF) initiative for products imported from least developed countries (LDCs) that was adopted at the Hong Kong WTO Ministerial in December 2005.

Please let me know if you have any questions.

Best regards.

Sincerely,

Harry Kopp

Harry W. Kopp
Washington Representative
Sugar Alliance of the Philippines

Republic of the Philippines
SUGAR REGULATORY ADMINISTRATION
Sugar Center, North Avenue, Diliman, Quezon City
P.O Box 70, U.P. Diliman, Quezon City
TIN 000-784-336-000

14 March 2007

The Honorable
VICTORIANO B. LEVISTE
Agricultural Attaché'
Embassy of the Philippines
Washington, D.C.

Dear Mr. Leviste:

This is in regard to your memorandum of 5 March 2007 where you asked for comments on the planned implementation of the U.S Trade Representative Office of Annex F of the 2005 Hong Kong Ministerial Declaration to provide duty-free, quota-free access for least developed country products, with certain exceptions.

We understand the duty-free, quota-free program is intended to further integrate least developing countries into the global trading system by providing special and differential treatment to their products to reduce their competitive disadvantages and towards sustainable development. However, providing duty-free, quota-free access to sugar from these countries will not likely contribute to their economic development or improvement in their sugar sectors. Unlike sugar from the Philippines where the stages of production – from cultivation of cane to milling of sugar – are undertaken by planters associations, cooperatives and corporations wholly-owned by Filipinos, sugar production in many least developing countries have extensive European interests. Consider the following:

- Associated British Foods, the international food, ingredients and retail group controls Illovo Sugar Limited, the largest cane sugar producer in Africa, and the leading producer in South Africa, Malawi, Zambia and Swaziland and has strong and growing presence in Tanzania and Mozambique;

- Tereos, a French sugar beet cooperative, has a 50 percent stake in Marromeu mill in Mozambique;

- Somdiaa, a subsidiary of French company Vilgrain, owns and operates the CST sugar mill in Chad;

- Castell, a French company, owns and operates the SUCAF-RCA mill in the Central African Republic, while another French company, Mimran, owns and operates the CCS mill in Senegal;

- Finasucre, a Belgian company, owns and operates the Kwilul Ngongo sugar mill in the Democratic Republic of Congo.

With the heavy foreign presence in the sugar industry of least developing countries, any benefit derived from duty-free, quota-free access for sugar will most likely accrue to the benefit of these European corporations, not to least developing county producer for whom the benefit is intended. And since the foregone tariff in duty-free, quota-free access is subsidized by the American consumer, the profits earned by these foreign corporations are at the expense of the American public.

The duty-free, quota-free program is for the sustainable development of least developing countries legitimately producing the product given DFQF access. Considering Annex F of the Hong Kong Ministerial Declaration does not provide for Rules of Origin for the product given duty-free, quota-free access, it will be quite easy for imaginative traders to circumvent existing rules to avail of access to the U.S. market to the disadvantage of the intended beneficiaries and damage to the DFQF program.

The Philippines have shown its ability and resolve to meet its sugar commitments to the United States. Last year, despite numerous additions to the Philippine quota volume, the country was been able to comply with all of them, even if the prospect for world market export appeared to be more lucrative. Despite the unpredictability of future supply and price trends, Philippines intend to continue providing a stable and steady supply of sugar to the United States.

The Philippine sugar industry, therefore, requests the exception of sugar from the duty-free, quota-free program of the U.S. Trade Representative Office for least developing countries.

Very truly yours,

JAMES C. LEDESMA
Administrator

CC: The Honorable
Secretary Arthur C. Yap
Department of Agriculture

Undersecretary Segfredo Serrano
Policy and Planning, Department of Agriculture

Assistant Secretary Josyline Javelosa
Policy and Planning, Department of Agriculture

Ms. Janet Garcia, Chief IRD
Ms. Nolet Fulgencio, IRD

Sent: Friday, March 16, 2007 2:25 PM
To: FN-USTR-FR0704
Cc: marietta.bernot@effem.com
Subject: public comments on Duty Free, Quota Free for LDCs
To: FR0704@ustr.eop.gov

From: Mary Irace, Vice President
National Foreign Trade Council
1625 K Street, NW, S. 200
Direct email: mirace@nftc.org
Telephone: 202-464-2024

Subject: Duty-Free, Quota-Free Market Access for LDCs

On behalf of the National Foreign Trade Council (NFTC), I am writing in response to the January 18, 2007 Federal Register notice seeking comments on the 2005 WTO Ministerial Decision on Duty-Free, Quota Free Access for the Least Developed Countries. The NFTC strongly supports the United States granting least developed countries (LDCs) duty-free, quota-free access for 100% of tariff lines with no exclusions for sensitive products.

The proposal for Duty-Free, Quota-Free access for least developed countries deserves U.S. leadership. The wealthiest country in the world has a moral imperative to enact measures that support economic development among the poorest. Capacity building for developing and least developed countries, which is already a focus of the Bush Administration, must be paired with economic opportunity through market access especially for agriculture, which accounts for the majority of jobs among developing nations.

The United States and all OECD and advanced developing countries should give LDCs duty-free, quota-free access for 100% of tariff lines with no exclusions for sensitive products. A 2006 study by the International Food Policy Research Institute (which may be found at: http://www.ifpri.org/pubs/ib/rb06.pdf) revealed that duty-free, quota-free access for 97% of the tariff lines would yield income gains to LDC's of $1 billion.

But, if coverage is increased to 100% the income gains grow to $7 billion. Relative to the direct economic cost to the United States, the potential gains to least developed countries is enormous. The difference of the 3% of tariff lines proposed by the United States consists primarily of sugar. The cost of this special interest protection far exceeds the potential benefit to the United States and the world of its elimination.

Among the principles adopted by the United States in the November 14, 2001 Ministerial Declaration launching the Doha Round was a clear commitment to address the marginalization of least-developed countries in international trade and to improve their effective participation in the multilateral trading system.

In a recent NFTC meeting with WTO Ambassadors from seven developing countries, it was clear that the stakes are high. These ambassadors agreed that the difference between success and failure is the difference between creating a tier of countries around the world which may be increasingly integrated into the world economy versus creating a tier of nations that are further marginalized and increasingly preyed upon as the recruiting ground for terrorism and global instability.

The United States has a unique leadership opportunity to help LDCs secure beneficial and meaningful integration into the multilateral trading system and the global economy through elimination of duties for 100% of its agricultural tariff lines.

This bold step has the potential to serve as a catalyst to a successful conclusion to the Doha Round which is vital to continued US economic growth and the further integration of developing countries into the global trading system, particularly for the most economically vulnerable societies and nations in the world. For success, the US must lead by setting the right example and opening its markets fully to least developed countries especially for their top agricultural exports.

By way of back of background, the National Foreign Trade Council (www.nftc.org) is a leading business organization advocating an open and rules-based global trading system. Founded in 1914 by a broad-based group of American companies, the NFTC now serves hundreds of member companies through its offices in Washington and New York.

Thank you for the opportunity to provide comments.

Mary A. Irace
Vice President, Trade and Export Finance
National Foreign Trade Council
1625 K Street NW, Suite 200
Washington, DC 20006
Tel: (202) 464-2024
Fax: (202) 452-8160

Sent: Friday, March 16, 2007 12:24 AM
To: FN-USTR-FR0704
Subject: "Duty-Free, Quota-Free"
15 March 2007

Ms. Gloria Blue
Executive Secretary
Trade Policy Staff Committee
Office of the United States Trade Representative (USTR)

Subject: Comments on the 2005 WTO Ministerial Decision on Duty-Free Quota-Free Market Access for the Least-Developed Countries (LDCs)

Dear Ms. Gloria,
Warmest greetings from Bangladesh. As you know, during the Sixth WTO Ministerial Conference in Hong Kong, as stated in Annex F of the Ministerial Declaration, Member countries agreed that developed-country Members shall, and developing-country Members declaring themselves in a position to do so should 'Provide duty-free and quota-free market access on a lasting basis, for all products originating from all LDCs by 2008 or no later than the start of the implementation period in a manner that ensures stability, security and predictability'. However, the text of the following paragraph of the declaration loosens the above clause by stating that 'Members facing difficulties at this time to provide market access as set out above shall provide duty-free and quota-free market access for at least 97 per cent of products originating from LDCs, defined at the tariff line level, by 2008 or no later than the start of the implementation period'. On behalf of the people of Bangladesh, we welcome the Office of the United States Trade Representative (USTR) for giving us the opportunity to provide our comments on the above declarations.

We strongly believe that as per the initial commitment, all developed-country Members and advanced developing-country Members shall immediately provide duty-free and quota-free market access for all products originating from all LDCs. There should not be any provision of offering duty-free and quota-free market access for at least 97 per cent of products originating from LDCs. As you know, LDCs have very few items in their basket while exporting those to other countries. Since 1971, number of LDCs has been increasing due to many countries' failure to build their capacity of export diversification and industrialization. These marginalized LDCs would be further marginalized if some of their export items were excluded in getting duty-free and quota-free market access because of the provision of duty-free and quota-free market access for at least 97 per cent of their products.

From the context of Bangladesh, you may be aware that more than 75 per cent export earning of the country is contributed by a single sector, readymade garments (RMG) sector. More than 2 million workers of this sector are women, whose livelihoods along with their family members are directly related with export performance of the sector. Therefore, in case of the exclusion of RMG products from duty-free and quota-free market access due to the clause of 97 per cent coverage of the products in the Ministerial declaration, the interests of Bangladesh as an LDC would be severely affected and the livelihoods of millions of people related with the sector would be at stake.

Considering the above facts, we urge to the Office of the USTR for taking necessary steps so that 100 per cent of products originating from all LDCs get duty-free and quota-free market access to all developed and advanced developing countries' markets. We also call for the immediate inclusion of such clause in the domestic law of the United States along with other developed and advanced developing countries. Considering the harsh realities LDCs are experiencing, United States along with other developed and all developing countries should support for the inclusion of a clause mentioning the provision of providing duty-free and quota-free market access for all products originating from LDCs in the text of Non-Agricultural Market Access (NAMA) during the multilateral trade negotiation.

Sincerely yours,

Abdullah Al-Mamun

Sent: Friday, March 16, 2007 1:09 PM
To: FN-USTR-FR0704

Subject: Subject: "Duty-free, Quota-Free"
There should be no discrimination of treatment among LDCs. All LDCs should be granted duty-free and quota-free market access for all products. US must grant duty-free and quota-free market access for all products which have export interest to Bangladesh, particularly agriculture, garments, textile, apparels, footwear, leather and frozen foods".
Ishrat Jahan

From:
Sent: Friday, March 16, 2007 12:03 AM
To: FN-USTR-FR0704
Cc:
Subject: "Duty-Free, Quota-Free"

15 March 2007

Ms. Gloria Blue
Executive Secretary
Trade Policy Staff Committee
Office of the United States Trade Representative (USTR)

Subject: Comments on the 2005 WTO Ministerial Decision on Duty-Free Quota-Free Market Access for the Least-Developed Countries (LDCs)

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Sincerely yours,
Shirin Akhter
President, Karmojibi Nari

AFRICAN COALITION FOR TRADE, INC.

1054 Thirty-first Street, N.W., Suite 300
Washington, D.C. 20007
Telephone: 202-965-3444 **Fax 202-965-3445** **Email: act@his.com**
www.acttrade.org

February 8, 2007

Gloria Blue
Executive Secretary
Trade Policy Staff Committee
Office of the U.S. Trade Representative
600 17th Street NW
Washington, DC 20508

Re: WTO Quota Free/Duty Free Initiative

Dear Ms. Blue:

We are writing in response to the notice published in the January 18, 2007 edition of the Federal Register, 72 Fed. Reg. 2316, to submit the views of our members on the United States' implementation of the WTO quota-free/duty-free (QFDF) initiative for products imported from least developed countries (LDCs) that was adopted at the Hong Kong WTO Ministerial in December 2005.

The United States has indicated that it intends to extend QFDF to 97% of products imported from LDCs, but that it also plans to exclude from QFDF sensitive products up to 3% of such imports. (*See, e.g.,* December 18, 2005 press conference by then-Deputy U.S. Trade Representative Susan Schwab.) Our members in the private sector in Africa support the QFDF initiative, but we also support the United States' exclusion of sensitive products from QFDF. Our members encourage the United States to exclude apparel products from the QFDF initiative in order to prevent the QFDF initiative from unintentionally undermining the African Growth and Opportunity Act (AGOA).

The African Coalition for Trade (ACT) is a non-profit trade association of African private sector companies and associations that are engaged in trading with the United States under AGOA. ACT was actively involved in the development, enactment, implementation and amendment of AGOA, and throughout the AGOA process has served as one of the leading spokespersons for the African private sector on matters relating to AGOA. ACT's members include leading apparel producing and exporting companies in, *inter alia*, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, South Africa, Swaziland, Tanzania, and Zambia. It is estimated that ACT's members supply more than one-half of total U.S. apparel imports under AGOA.

With the enactment of AGOA in 2000, the United States adopted a policy of encouraging the economic development of Africa through generous trade preferences, with special emphasis on apparel trade. During its first four years in effect, AGOA was a tremendous success. U.S. apparel imports from Africa grew by more than 100% during 2001-2004. It is estimated that more than 200,000 new jobs were created in a region where unemployment routinely hovers around 40%. AGOA has rightly been hailed as the most successful U.S. trade-based economic development program.

With the end of the Multi-Fiber Arrangement (MFA) system of quotas effective January 1, 2005, however, the growth in apparel trade with Africa spurred by AGOA came to a screeching halt. In the two years since the end of the MFA, U.S. apparel imports from Africa have fallen by more than 25%. As a result, it is estimated that roughly half of the jobs created by AGOA have been lost during the two years since the end of the MFA.

It is now painfully clear that Africa has suffered disproportionately from the restructuring of world apparel production and sourcing that followed the end of the MFA. While U.S. apparel imports from Africa are down 25% since the end of the MFA, most of the major Asian producers have experienced significant growth in apparel exports to the United States, with Bangladesh up 40.6%, Cambodia up 34.4%, China up 118.5%, India up 39.5%, Pakistan up 31.0%, and Vietnam up 24.8%. On a regional basis, no region of the world has suffered trade losses that compare to those of Africa. While the Andean Region and Central America have also experienced losses since the end of the MFA, they are not on the same scale as the 25% loss by Africa.

Apparel Imports from Various Regions
2004- 2006

Region	2004 msme	2006 msme[1]	% Growth
World	19,980.996	22,750.178	13.86%
China	2,972.523	6,493.972	118.47%
Bangladesh	941.685	1,324.329	40.63%
India	609.338	849.893	39.48%
Cambodia	634.683	852.840	34.37%
Pakistan	519.282	680.474	31.04%
CBI (non-CAFTA)	228.231	294.815	29.17%
Vietnam	777.055	969.349	24.75%
ASEAN Region	3,468.490	4,322.451	24.62%
CAFTA	3,790.834	3,425.155	-9.65%
Andean Region	252.745	217.777	-13.84%
Sub Saharan Africa	**440.300**	**328.028**	**-25.50%**

[1] Estimated from OTEXA January-November 2006 import data

Even without duty-free status, since the end of the MFA the major Asian garment producers have aggressively captured market share that Africa had slowly built up since the enactment of AGOA. If the Asian LDCs were to obtain duty-free access to the U.S. market for their already fully-competitive apparel exports, African apparel production and exports would be decimated.

The Uruguay Round's elimination of the MFA was touted as a major benefit for developing countries. It is sadly ironic that that well-intentioned step has seriously undermined the growth in U.S.-Africa trade that has developed in response to AGOA. It would be tragic if another WTO initiative intended to help developing countries were to have the unintended consequence of finishing the destruction of the African apparel industry.

For these reasons, the members of ACT urge the U.S. Administration to exclude sensitive products such as apparel products from the QFDF initiative. In particular, we urge that duty-free status should not be extended under QFDF to those product categories that are most important under AGOA, specifically Categories 338/339/638/639, 340/640/641, 345/645/646, 347/348/647/648, 352/652, 632, 634/635, .and 651.

We appreciate your consideration of our views on this issue, which is of critical importance to the survival of the African apparel industry. Please let us know if we answer questions or otherwise be of further assistance.

Sincerely,

Paul Ryberg
President

ACTIF **African Cotton & Textile Industries Federation**

Westlands Office Park, Acacia House, Waiyaki Way
P.O Box 1555 – 00606, Sarit Centre
Nairobi, Kenya
Telephone: (254) 20 - 4212000 ~ Fax: (254) 20 - 4212271 ~ Email: info@cottonafrica.com

Submission to the Office of the USTR, Trade Policy Staff Committee

"Duty-Free, Quota-Free" Market Access for Least Developed Countries: Textiles & Apparel

ACTIF is a regional trade body, formed in 2005 but legally constituted as a "not-for-profit" organization in October 2006 by the cotton, textile and apparel sectors from Eastern and Southern Africa covering the COMESA, SADC and EAC trade blocks. Currently membership includes National Associations from 17 countries (Botswana, Egypt, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Sudan, Swaziland, Tanzania, Uganda, Zambia & Zimbabwe) - membership is not restrictive in terms of geographical coverage and it subscribes to an "Africa wide" view. ACTIF's principal aim is to create a unified and recognized voice in both regional and global trade affairs and promote improved competitiveness.

The Issue
Pursuant to the Decision that Members adopted at the Sixth Ministerial Conference of the World Trade Organization (WTO) in December 2005 in Hong Kong on duty-free, quota-free (DFQF) market access for the least-developed countries (LDCs); with the focus of this submission being confined to the textile and apparel sectors:

- Whilst the African Governments agreed/supported this decision (with the exception of Uganda and Mauritius who spoke out against it), it is apparent from dialogue with ACTIF industry members, that there was no prior consultation with the private sector on this subject.
- Of major concern, is that this decision applies to all countries classified by the WTO as LDCs - of particular significance to Africa therefore, is the fact that Cambodia and Bangladesh are included under such classification. It must be stated at the outset that there are no bad intentions implied at all as regards Bangladesh or Cambodia, and the content of this submission is purely in the interests of preserving the sanctity of existing trade preferences between the U.S. and Africa that could otherwise be destabilized as a result of the Hong Kong decision.

Challenges
The major challenge facing the emerging African textile and apparel sector in the post-MFA world is unrestrained competition, particularly from well established, integrated and subsidized low wage producers. In this context, the African textile & apparel sectors cannot match the competitiveness of Asian LDC countries such as Cambodia and Bangladesh; Should the DFQF decision be implemented, the AGOA preferences and competitive advantages currently enjoyed with the USA, would as a result be seriously eroded, weakened and undermined. To worsen this, there are no safeguard mechanisms that apply to 'world-level' and much larger competitive suppliers such as Bangladesh.

Some facts:

1. Bangladesh is trailing just behind Indonesia and Thailand as an importer (and consumer) of cotton fiber. Over the past 5 years, consumption has doubled from one million bales to over 2,200,000 bales (*ICAC*). This consumption has been fueled by the massive increase in the knit yarn sector, as Bangladesh has established its position in the world as one of the major suppliers of t-shirts. Statistics show an increase of 30% in this sector in 2006. With a population of 150 million, there is also a large domestic demand. In contrast and as a measure of textile output, the combined cotton fiber consumption in the 26 African countries that are AGOA-eligible and Apparel Certified is only 550 000 bales (*ICAC*).
2. The Government of Bangladesh introduced a cash incentive scheme for using locally produced yarn and this spawned expansion of the local spinning industry, significantly increasing local yarn supply and reducing lead times for exports. Currently there are around 200 spinning mills in the country, with more new mills scheduled to go into operation in the near future. In contrast high power cost and poor linkages to the international market due to dilapidated infrastructure have hampered the expansion of textile and apparel industry sectors in Sub-Saharan Africa.
3. So far, labor is cheap (as is the case in Cambodia) – in 2004, the hourly labor cost in the textile industry in Bangladesh was $0,28. In contrast, the cost in Mauritius was $1,57 (*ITMF*).

4. Almost all imported inputs are sourced from Asian neighbors, cutting lead times and cutting costs – very different in the Sub-Saharan African context where almost all inputs are imported from a third country (Asia)
5. International textile machinery shipments are accepted as being a very good barometer of industry development and growth. In 2005, Bangladesh was the third largest investor in Asia in shuttle-less looms (behind China and India), accounting for 5% of total world imports (*ITMF*). In the same year, Bangladesh accounted for 3.5% of the worlds imports in circular knitting machines (*ITMF*). In contrast, the industries in Africa either kept or reduced their investment levels.
6. Unlike Bangladesh and Cambodia Sub-Saharan Africa, needs trade preferences to be competitive. Bangladesh and Cambodia apparel exports to the US have grown significantly since the end of the MFA, whereas Sub-Saharan Africa's are declining sharply as shown in the table below. This decline would be amplified if the proposed DFQF as structured in the WTO is implemented and could lead to the total demise of the Industry in Africa with the consequence being insurmountable negative economic and social impact.

US Apparel Imports from Various Regions

Region	2004 msme	2006 msme1[1]	% Growth
World	**19,980.9**	**22,750.1**	**13.8%**
Bangladesh	941.6	1,324.3	40.6%
Cambodia	634.6	852.8	34.3%
Sub Saharan Africa	**440.3**	**328.0**	**-25.5%**
COMESA	**252.1**	**192.6**	**-23.6%**
Kenya	73.3	65.4	-10.8%
Madagascar	69.4	55.2	-20.5%
Mauritius	37.5	21.8	-41.5%
Swaziland	61.4	41.4	-32.5%

Source OTEXA January-November 2006 import

Africa and AGOA
Africa's greatest success story has been the blossoming of African exports of apparel to the United States, made possible by The African Growth and Opportunity Act (AGOA); subsequent modifications to this trade arrangement contained in the recently passed Africa Investment Incentive Act of 2006, together with future improvements, will maintain critical mass in the apparel industry and encourage greater vertical integration, which is essential to the long term competitiveness of the African fiber-textile-apparel value chain in the post-MFA environment.

AGOA significantly enhances and liberalizes U.S. market access for Sub-Saharan African countries; it offers tangible incentives for Sub-Saharan African countries to continue their efforts to open their economies and build free markets; it is designed to promote prosperity, develop economies and ultimately create new markets for U.S. goods and services; it recognizes that trade is an engine of economic growth and through AGOA, it is helping to provide new opportunities for the people of Africa and is helping to eliminate poverty.

Suggested Measures
There is perhaps no simple answer to this issue, but measures must be taken to avoid a setback to the objectives of AGOA and a reversal of the positive economic transformations that have arisen so far out of the passage of AGOA.

ACTIF recommends that consideration be given to "Excluding all textile and apparel products from the DFQF initiative" in order to help nurture the infant textile and apparel industry in Africa to become a sustainable and competitive global industry.

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