



African Cotton & Textile Industries Federation

(ACTIF)

REPORT ON LOBBY MISSION

TO WASHINGTON DC

FOR SUSTAINABILITY OF AGOA IN SSA

MAY 2011

Supported by

TRADE MARK EAST AFRICA



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Executive Summary

The Africa Investment Incentive Act of 2006 (signed by President Bush on December 20, 2006), has been 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 in 2006 helped maintained the critical mass in the apparel industry, and encouraged some 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 enhanced and liberalized US 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. However some of the provision of the act that made it so successful are either about to come to an end or in the process of being diluted through other legislations. As stated above the third country provision is stated to end by 2012, that is 1 year and 6 months from now and the industry can't wait until then to lobby for the extension.

The biggest challenge for the Sub-Saharan African (SSA) apparel and textile industry was post WTO-Multi-Fiber Agreement (MFA). As the quotas were removed on the apparels from established and subsidized markets, which have similar or lower wages in most of the African countries, the competitiveness of SAA diminished by over 22%. The initial impact of this was that many of the garments industries, which had moved to Sub-Saharan Africa due to the AGOA and DFQF, opted to move back or to better markets providing higher production and subsidy for development of the textiles and garments sector.

Over the last 4 years, the textiles and garment industries in SSA have been trying hard to survive. The exciting growth rate has diminished in terms of export to US markets, as shown in the table below:

**Imports from Various Regions
Before and After the End of the MFA – 2004 vs. 2008**

Region	2000 msme	2004 msme	2008 msme	% Growth 2000-2008	% Growth 2004-2008
World	16,035.35	19,951.00	22,694.22	41.50%	13.80%
China	929.159	2,972.52	7,788.50	738.20%	162.00%
Vietnam	29.991	777.055	1,527.71	4993.90%	96.60%
Bangladesh	966.612	941.685	1,436.25	48.60%	52.50%
Cambodia	253.682	634.683	888.651	250.30%	40.00%
India	399.232	609.338	882.856	121.10%	39.10%
ASEAN Region	NA	3,468.49	4,681.21	NA	35.00%
CAFTA	3,376.67	3,790.83	3,379.44	1.20%	-10.90%
Sub Saharan Africa	164.161	440.3	305.964	86.40%	-30.50%
Andean Region	159.199	252.745	157.583	-1.00%	-37.70%

The second biggest challenge, if enacted, would put the last nail in the coffin for the textile and garment industry in Sub-Saharan Africa, and that is if the Duty Free Quarter Free (DFQF) provision is given to Asian LDCs to the USA market. These Asian countries have had a developed and integrated industry and sector over the last several decades; the countries have been given subsidies to develop the exports under that sector. No provision/mechanism for safeguard can be provided to ensure one level playing field, especially to low wage and much larger suppliers like Bangladesh, Vietnam, Cambodia, etc.

To mitigate against the losses that may occur if the USA congress enacted the bill DFQF ACTIF secured the support of Business Advocacy Fund (BAF) for an initial phase advocacy activities. This involved engaging the services of a leading US law firm based in Washington, compiling of AGOA impact reports for selected sub Saharan African countries and selected Asian LDCs as well a lobby trip to Washington by the Chairman and Executive Director of ACTIF to engage key officials of the US government, US civil society and other trade representatives where a common white paper was presented and discussed on behalf of all the ACTIF members. A detailed report on the lobby activity is attached separately for your reference.

Following the success of the initial phase of the lobby project in 2010, ACTIF successfully secured the support of Trade Mark East Africa to conduct a second phase of lobbying in US as strongly recommended by our lobbyist in order to sustain the efforts before a bill is presented in US senate and congress by mid 2011.

ACTIF's second lobby mission to US proved to be very successful as the call for extension for the 3rd country fabric provision from the initial expiry of September 2012 to September 2015, the expiry date of the overall AGOA provision for SSA, was widely supported by key US Government officials and key members of the US congress and senate. The issue of the future extension of AGOA beyond 2015 also received significant support with a call for extension of the overall authorization of AGOA to 2025.

Report on ACTIF's second lobby mission to Washington, D.C.

Our Lobbyist Mr. Paul Ryberg of Messrs. Ryberg & Smith LLC arranged a comprehensive schedule of meetings for the ACTIF delegation during May 9-13, 2011. The ACTIF delegation consisted of ACTIF Chairman Mr. Jas Bedi and Executive Director Mr. Rajeev Arora.

Because of its extensive contacts and long involvement with matters relating to AGOA, the Firm was able to obtain meetings for the ACTIF delegation with key Congressional and Administration officials, as well as key private sector stakeholders:

- Congressman Ed Royce and Tom Sheehy, his chief of staff;
- Congressman Charlie Rangel;
- Congressman Jim McDermott and Toby Whitney, his chief of staff;
- Deputy U.S. Trade Representative Demetrios Marantis and Assistant U.S. Trade Representative for Africa Florizelle Liser;
- Mr. Kevin Boyd, Director of the Office of Africa, U.S. Commerce Department;
- Mr. Stephen Hayes, President of the Corporate Council on Africa (CCA), and Tim McCoy, CCA Vice President;
- Various members of the African Diplomatic Corps, including Ambassador David Rantekoa of Lesotho, Ambassador Odembo of Kenya, and Ambassador S. Soborun of Mauritius;
- Ms. Chelsea Thomas, Senate Finance Committee Democratic staff;
- Mr. Jayme White, Senate Finance Committee Trade Subcommittee Democratic Chief of Staff;
- Ms. Ryika Hooshange, Senate Finance Committee Republican staff;
- Mr. Cass Johnson, President National Council of Textile Organizations;
- Mr. Russell Duncan, House Ways and Means Committee Democratic staff (substituting for Ms. Behnaz Kibria);
- Ms. Natalie Chwalisz, House Foreign Affairs Africa Subcommittee Democratic staff;
- Various representatives of U.S. apparel importers and retailers, including representatives of J.C. Penney, Levi's, the Limited, the U.S. Association of Importers of Textiles and Apparel, and the Association of Apparel and Footwear Manufacturers of America;
- Mr. Terry Townsend, CEO of the International Cotton Advisory Council; and
- Mr. David Shiferaw, African Union Mission staff.

A full schedule of the delegation's meetings is attached to this report. Following is a summary of the results of the more important of these meetings.

1. Meetings on Monday, May 9, 2011

a. Briefing Meeting with ACTIF Delegation.

Mr. Ryberg met with Mr. Arora during the morning of May 9 to brief him on the current status of the proposed AGOA amendments and to prepare for the upcoming round of lobbying meetings.

The 2010 lobbying mission had focused on preventing the proposed preference reform initiative from undermining AGOA. Last year's preference reform initiative was largely driven by House Democrats, especially Rep. Jim McDermott (D-WA). With the Republicans gaining control of the House in last year's elections, the wind has gone out of the sails of the preference reform initiative. Indeed, not a single preference reform bill has been introduced in the current Congress. Accordingly, the Mr. Ryberg advised ACTIF not to address preference reform unless the issue was raised by the officials with whom we would be meeting.

Mr. Ryberg also advised that the discussion should focus primarily on renewing the third-country fabric provision. Based on prior discussions with key Congressional and Administration officials, Mr. Ryberg believed that efforts to include more than renewal of the third-country fabric provision would seriously complicate the prospects for success. Accordingly, he advised that extending the overall authorization of AGOA to 2025 and other proposed AGOA amendments that are addressed in the White Paper should not be the focus of discussion. Rather, he recommended that the delegation should emphasize in the meetings that, while these other amendments are important, the one really time-critical issue is renewing the third-country fabric provision.

We reviewed the schedule of meetings, the role in the legislative process of each of the officials with whom the delegation would be meeting, and the issues to be raised in each meeting.

b. AU Mission Meeting



L to R: Rajeev Arora, David Shiferaw, Paul Ryberg

Following the briefing meeting, Messrs. Arora and Ryberg met with Mr. David Shiferaw, textile advisor at the African Union Mission. We convinced Mr. Shiferaw that the AU Mission should become more engaged in support of renewal of the third-country fabric provision. He agreed to prepare a letter for Ambassador Ali to send to key Members of Congress.

2. Meetings on Tuesday, May 10

a. Meeting with NCTO



L to R: Rajeev Arora, Paul Ryberg, Cass Johnson and Jas Bedi

The delegation met with Mr. Cass Johnson, President of the National Council of Textile Organizations (NCTO), which represents the U.S. textile industry. Mr. Johnson confirmed that, as in the past, NCTO would not oppose renewal of the current third-country fabric provision, although they would not support expanding the provision to include South Africa.

Mr. Johnson agreed to convey NCTO's position to Congressional or Administration officials who might be concerned whether NCTO would oppose renewing the third-country fabric provision. In that connection, in a subsequent meeting Assistant USTR Florie Liser advised that Ambassador Ron Kirk wants reassurance that renewing the third-country fabric provision would not cost jobs in the U.S. textile industry. (The USTR meeting is summarized below.) Mr. Ryberg has subsequently asked Mr. Johnson if he would provide such assurances to Ms. Liser. Mr. Johnson has not yet responded to this request.

We also discussed the pending Trans-Pacific Partnership (TPP) free trade negotiations. Because Vietnam is a participant in the TPP negotiations, there is concern that granting DFQF to apparel from Vietnam could undermine AGOA. Mr. Johnson advised that NCTO is pushing for the TPP rule of origin for apparel to be a yarn-forward rule, which would limit the harm to AGOA.

b. USTR Meeting.



L to R: Paul Ryberg ,James Kirru, Flori Liser, Jas Bedi, Rajeev Arora

The ACTIF delegation met for more than an hour with Assistant USTR for Africa Florizelle Liser. She expressed her strong support for renewing the AGOA third-country fabric provision this year and making it co-terminus with the September 30, 2015 overall authorization of AGOA. She advised that renewal of the third-country fabric provision has been added to USTR's short list of top trade priorities for 2011, which they hope to include in the package to renew the Generalized System of Preferences (GSP), the Andean Trade Promotion and Drug Eradication Act (ATPDEA), and the Trade Adjustment Assistance Act (TAA), all of which expired at the end of 2010. This package is expected to be the first trade measure likely to be enacted following Congress' approval of the pending FTA's with Colombia, Panama and South Korea, which is expected to occur this summer or early fall.

Deputy USTR Demetrios Marantis echoed these views in a meeting with the Corporate Council on Africa (CCA) on May 11 and at the Center for Strategic and International Studies (CSIS) on May 13, both of which meetings are summarized below.

Ms. Liser requested ACTIF to take the lead in organizing a "roundtable" with U.S. apparel importers and retailers to promote sourcing in Africa once the third-country fabric provision has been renewed. The proposed roundtable would be along the lines of the USTR-sponsored meeting last year to promote sourcing apparel in Haiti following the devastating earthquake there. As summarized below, this was discussed during the May 11 meeting with the U.S. importers and retailers.

Mr. Liser also asked ACTIF to provide examples of recent investments in yarn and fabric manufacturing in Africa to assist her in responding to questions raised by Congressional staff (particularly Angela Ellard of the House Ways and Means Trade Subcommittee staff) about whether renewing the third-country fabric provision would undermine vertical integration. Mr. Arora is currently compiling the data to comply with this request.

As noted above, Ms. Liser advised that Ambassador Kirk wants reassurance that renewing the AGOA third-country fabric provision will not undermine U.S. textile industry jobs. Cass Johnson of NCTO has been asked to provide the requested assurance.

c. Meeting with Rep. McDermott's Staff



L to R: Rajeev Arora, James Kirru, Toby Whitney, Jas Bedi, Paul Ryberg

Although Rep. Jim McDermott (D-WA) had agreed to meet with the ACTIF delegation, he was unavailable at the scheduled time, so we met with his trade advisor Toby Whitney. The delegation later was able to have a conversation with Rep. McDermott prior to the CSIS conference on May 13 (summarized below).

Mr. Whitney advised that renewal of the third-country fabric provision is Mr. McDermott's top trade priority for 2011. This is important because Rep. McDermott is the Ranking Democrat on the House Ways and Means Trade Subcommittee. Mr. Whitney also advised that Mr. McDermott will likely not introduce a new preference reform bill until next year.

3. Meetings on Wednesday, May 11

a. Meeting with Rep. Ed Royce



L to R : Paul Ryburg, Jas Bedi, Rep. Ed Royce, Rajev Arora, James Kirru



L to R : Rajev Arora, Paul Ryburg, Tom Sheehy, Jas Bedi

The delegation met briefly with Rep. Ed Royce (R-CA) and then had a longer meeting with his Chief of Staff, Tom Sheehy. Rep. Royce served as Chairman of the House Foreign Affairs Africa Subcommittee at the time AGOA was enacted. As such, he was one of the critical original supporters of AGOA. Although he no longer sits on the Africa Subcommittee, he remains committed to AGOA. He expressed his strong support for renewing the third-country

fabric provision and advised that he had raised the issue with Ways and Means Trade Subcommittee Chairman Kevin Brady (R-TX).

c. Meeting with African Diplomatic Corps and Apparel Importers/Retailers.



Meeting with Diplomatic Corps

The delegation then had a very positive meeting with the African Diplomatic Corps and representatives of the major U.S. apparel importers and retailers. The Ambassadors of Lesotho, Mauritius, and Ethiopia attended the meeting, along with representatives of the Embassies of Kenya and South Africa. The U.S. apparel importers and retailers were represented by Ms. Sandra Fallgatter of J.C. Penney, Ms. Julie Hughes of the U.S. Importers of Textiles and Apparel (USA-ITA), and Mr. Nat Herman of the American Apparel and Footwear Manufacturers Association (AAFMA).

The primary purpose of the meeting was to convince the importers/retailers to become active in support of renewing the third-country fabric provision, which they agreed to do, including writing letters to key members of Congress.

We also obtained their commitment to help organize the “roundtable” requested by Assistant USTR Liser to promote sourcing from Africa once the third-country fabric has been renewed. One option under consideration is to hold the roundtable in New York in conjunction with USA-ITA’s annual meeting in the fall.

Mr. Ryberg also encouraged the Ambassadors to act quickly to name the successor of Lesotho Ambassador David Rantekoa, whose term of office is coming to an end at the end of this month. Ambassador Rantekoa has been co-chair of the African Ambassadors’ Economic Development Committee for the past several years, in which position he has taken the lead on lobbying for AGOA amendments. We need to keep the African Ambassadors engaged over the coming months as legislation to renew the third-country fabric provision begins to move, so quick appointment of a new co-chair is important. Mr. Ryberg has been working behind the

scenes with the African Diplomatic Corps to identify and position a capable successor to Ambassador Rantekoa.

d. Meeting with CCA.



Left to Right: Tim McCoy ,James Kiru, Jas Bedi, Stephen Hayes, Rajeev Arora, Meeting at CCA of upcoming AGOA Meeting in Lusaka Zambia

The ACTIF delegation met with Stephen Hayes, President of the Corporate Council on Africa (CCA) and Tim McCoy, CCA Vice President. Mr. Hayes expressed CCA's support for ACTIF's proposed amendments to AGOA, which are consistent with the policy recommendations CCA submitted to the Obama Administration in 2009. CCA has also recently launched a major new agribusiness project and a US-Africa Business Partnership linkages program, so we also discussed collaboration between CCA and ACTIF on cotton-related issues under both programs.

Immediately following this meeting, the ACTIF delegation attended a meeting sponsored by CCA on the upcoming AGOA Forum, at which the key speakers were Deputy USTR Demetrios Marantis and Assistant USTR Florie Liser. As noted above, Deputy USTR Marantis expressed the Administration's strong support for renewing the third-country fabric provision to 2015 and including the measure in the GSP/ATPDEA/TAA renewal package.

Deputy USTR Marantis also publicly mused about possible changes to AGOA that USTR is considering as part of the ramp-up to extending AGOA beyond 2015, including: limiting AGOA benefits to LDCs only, graduating South Africa from AGOA eligibility and negotiating an FTA with South Africa instead, excluding oil products from AGOA, etc. Of these ideas, the proposal to limit AGOA benefits to LDCs is cause for concern because a number of ACTIF member countries are not LDCs, including Ghana, Kenya, Mauritius, South Africa and Swaziland.

Mr. Marantis was also harshly – and unfairly - critical of the African Diplomatic Corps for not being sufficiently active in promoting AGOA. He identified Mauritius as the most effective among the AGOA countries. Mr. Ryberg gave him a copy of the African Ambassadors' March 8, 2011 letter, which he had obviously not seen before. Consequently, Mr. Marantis' criticism of the African Diplomatic Corps was based on incomplete information.

4. Meetings on Thursday, May 12

a. Kenya Ambassador Odembo



Meeting with Kenyan Ambassador

Kenya Ambassador Odembo met with the ACTIF delegation for an hour. He is strongly committed to renewing the third-country fabric provision this year.

b. Senate Finance Committee Republican Staff



Meeting with Senate Finance Committee Ryika Hooshange

The delegation was scheduled to meet with Mr. Everett Eissenstat, Republican Chief Trade Counsel to the Senate Finance Committee. However, Mr. Eissenstat was unavailable, so the delegation met with Ms. Ryika Hooshange, who is the staff lawyer dealing most directly with trade preference programs. Ms. Hooshange was generally supportive. In a meeting with the African Ambassadors in April, Mr. Eissenstat (her superior) had expressed strong support for renewing the third-country fabric provision, although he was not sure it could be accomplished this year.

c. Commerce Department



Meeting with staff member of State Commerce department

The delegation met with Mr. Kevin Boyd, Director of the Commerce Department's office of Africa, and several members of his staff. The Commerce officials were supportive of renewing the third-country fabric provision.

d. Senate Finance Trade Subcommittee Democratic Staff



Meeting with Jayme White Staff Director of Senate Finance Committee.

The last meeting on May 12 was with Mr. Jayme White, Staff Director for the Senate Finance Trade Subcommittee. Mr. White was previously Rep. Jim McDermott's trade advisor and was intimately involved with the development of AGOA, the first draft of which was introduced by Mr. McDermott.

Mr. White was strongly supportive of renewing the third-country fabric provision this year. He agreed to use his best efforts to include it in what he referred to as the "FTA side car," *i.e.*, the package to renew GSP, ATPDEA and TAA. Interestingly, he expressed concern that Chairman Baucus' staff has not seemed committed to including AGOA third-country fabric in this package. However, in a subsequent meeting with Ms. Chelsea Thomas of the Finance Committee trade staff, she expressed strong support for including the third-country fabric provision in the so-called "side car." (Summarized below.)

5. Meetings on Friday, May 13

a. CSIS Conference on the AGOA Forum



Meeting with Rep. Jim McDermott at CSIS meeting

As noted above, CSIS sponsored a conference on the AGOA Forum on Friday, May 13. The opening speaker was Rep. Jim McDermott. The ACTIF delegation was able to meet with him briefly just prior to the opening of the meeting. In both the private discussion and in his remarks, Rep. McDermott called for immediate renewal of the third-country fabric provision.

Deputy USTR Demetrios Marantis was the second speaker. He reiterated his comments from the previous day, calling for renewal of the third-country fabric provision, as discussed above.

The third speaker was Assistant Secretary of State for Africa Johnny Carson, who called both for renewing the third-country fabric provision for the full duration of AGOA and extending the overall authorization of AGOA to 2025.

Attached to this report are two news articles from *Inside U.S. Trade* and *Washington Trade Daily*, reporting on the comments of all three speakers at the CSIS conference.

During the CSIS conference, the delegation also had an opportunity to talk with representatives of Levi's and the Limited.

b. House Ways and Means Committee Trade Subcommittee Democratic Staff



Meeting at House Ways and Means Trade Sub Committee

The delegation was scheduled to meet with Ms. Behnaz Kibria of the House Ways and Means Trade Subcommittee Democratic staff. Ms. Kibria is the Ways and Means Committee Democratic staff official directly involved with AGOA. At the last minute, she was unavailable and was replaced by a junior staffer, who listened, took notes and did not express any position. Ms. Kibria had previously attended a meeting with the African Diplomatic Corps in April, at which she expressed strong support for renewing the third-country fabric provision and including it in the GSP/ATPDEA/TAA package.

c. Rep. Charles Rangel



Meeting with Rep. Charles Rangel (D-NY), former Chairman of the House Ways and Means Committee

Rep. Charles Rangel (D-NY), former Chairman of the House Ways and Means Committee and widely acknowledged as the “father of AGOA,” met with the delegation for 45 minutes. He was fully committed to renewing the third-country fabric provision this year, and he offered to talk directly with Ways and Means Trade Subcommittee Chairman Kevin Brady on the issue. Mr. Rangel asked for a short briefing paper on prior contacts with Chairman Brady’s staff, which Mr. Ryberg subsequently provided.

d. Senate Finance Committee Democratic Staff



Meeting with Ms. Chelsea Thomas of the Senate Finance Committee Democratic staff

The delegation's final meeting was with Ms. Chelsea Thomas of the Senate Finance Committee Democratic staff. As noted above, Ms. Thomas was fully supportive of renewing the third-country fabric provision and agreed to try to include such a measure in the GSP/ATPDEA/TAA renewal bill.

C. Follow-Up.

The Firm will assist ACTIF in utilizing the upcoming AGOA Forum, which will be held in Lusaka, Zambia June 7-10, 2011, as an opportunity to continue the campaign for renewal of the third-country fabric provision. The Firm has arranged for ACTIF to have a booth at the AGOA Forum Trade Expo. Signs, pamphlets and petitions calling for renewal of the third-country fabric provision will be distributed at the booth. The Firm will assist ACTIF in arranging meetings with appropriate government and private sector delegates at the AGOA Forum.

In the weeks following the AGOA Forum, the Firm will be engaged in follow-up contacts with key officials and other stakeholders. In the meantime, the Firm will continue to keep ACTIF fully briefed on developments in Washington likely to affect AGOA in general and renewal of the third-country fabric provision in particular.

Enclosures.

Washington Trade Daily

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Monday, May 16, 2011

Renewing AGOA

The Administration wants Congress to renew the third country fabric provision in the African Growth and Opportunity Act trade preferences program this summer, Deputy US Trade Representative Demetrios Marantis said Friday (WTD, 4/18/11).

The provision - which allows least-developed countries to use fabric from non-AGOA nations in their duty-free apparel exports to the United States - is set to expire next year. The Administration also is asking Congress to add South Sudan to the list of AGOA-eligible countries.

Secretary of State Hillary Clinton - who travels to Africa next month for the AGOA forum - believes the entire AGOA program needs to be extended at least until 2025, Assistant Secretary of State Johnnie Carson said. AGOA currently expires in 2015. State would like to see the third country fabric provision extended for the life of the AGOA program - and believes South Africa should be eligible to use the provision, Mr. Carson said.

State also is endorsing the creation of tax incentives to encourage more US business investment in Africa - specifically an elimination of the tax on repatriated income for US companies that produce AGOA eligible goods, Mr. Carson said.

The Administration officials spoke at a program sponsored by the Center for Strategic and International Studies.

Improvements Under Discussion

As the Administration looks ahead to the next extension of AGOA, it is beginning to consider how the program can be improved so that more countries use it, both officials said. Under utilization of the program in part reflects poor infrastructure and customs delays that make it difficult for African countries to get their exports to the US market - particularly agricultural exports, USTR's Marantis said. That raises the question of whether AGOA needs more focus on technical assistance, capacity building and trade facilitation.

Another question that will need attention is whether the time has come to begin "graduating" higher income African countries out of the preferences program - and whether the United States should begin thinking about negotiating bilateral or regional free trade agreements in Africa, Mr. Marantis continued.

Renewal of the third country fabric provisions "needs to be done right now," House Ways and Means trade subcommittee ranking Democrat Jim McDermott (Wash) commented. AGOA countries have not yet reached "critical mass" in terms of building a textile and apparel sector that is capable of producing all the fabric it needs, he said.

Tuesday, May 17, 2011

Daily News

Administration Sees AGOA Fixes As Part Of Trade Agenda This Summer

Posted: May 16, 2011

The Obama administration is pressing Congress to pass legislation this summer that would extend the third-country fabric provision of the African Growth and Opportunity Act (AGOA) and add South Sudan to the list of AGOA beneficiaries as part of an already ambitious trade agenda that includes passing the pending free trade agreements and reauthorizing Trade Adjustment Assistance (TAA), a senior U.S. trade official said late last week.

"We are going to work very hard with Congress to try to do two things this summer: extend third-country fabric through the life of AGOA, through 2015, and add South Sudan on the list of AGOA-eligible countries," Deputy U.S. Trade Representative Demetrios Marantis said at a May 12 event on U.S.-Africa trade relations at the Center for Strategic and International Studies (CSIS).

Following his remarks, Marantis told *Inside U.S. Trade* that the administration views these two AGOA fixes as part its ongoing conversation with Congress on the sequencing and timing of the president's trade agenda.

"As part of our overall ... strategy of working on the FTAs, working on TAA, and working on GSP renewal, these two AGOA fixes should be part of that," Marantis said. He confirmed that USTR has specifically mentioned the AGOA fixes in its talks with Congress. GSP refers to the Generalized System of Preferences program.

House Ways and Means trade subcommittee Ranking Member Jim McDermott (D-WA), who also spoke at the CSIS event, said Congress needs to pass an extension of the third-country fabric provision "right now" in order to provide certainty for businesses who benefit from it and to continue the development of the region's textile industry.

He said Congress should extend the third-country fabric provision at least through the life of the AGOA program, which expires in 2015. "My belief is that that's a minimum that we ought to get through the Congress this year," he said, adding that he looked forward to the administration's help in achieving this goal.

The special third-country fabric provision allows textile producers in some AGOA countries to source fabric from third countries while retaining duty-free access to the U.S. market. It is due to expire in September 2012.

South Sudan is slated to become a fully independent nation on July 9, following a referendum in February in which the South Sudanese people voted nearly unanimously to secede from Sudan. Sudan is currently not an eligible country under AGOA, according to a September 2010 USTR fact sheet on the program.