



**Statement of
American Apparel & Footwear Association**

**Policy Recommendations for
Deepening the U.S.-Africa Trade and Investment Relationship:
Post-AGOA Trade and Investment
USTR-2015-0019**

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Thank you for providing us an opportunity to testify today to offer the perspective of our industry on U.S. Africa trade policy over the next decade.

AAFA is the national trade association representing apparel, footwear, and other sewn products companies, and their suppliers, which compete in the global market. Representing more than 1,000 world famous name brands, our membership includes 340 companies, drawn from throughout the supply chain. AAFA is the trusted public policy and political voice of the apparel, footwear, and travel goods industry; its management and shareholders; its four million U.S. workers; and its contribution of more than \$360 billion in annual U.S. retail sales.

Africa features prominently in the business decisions of our members. In a recent survey, half our members told us they are currently sourcing in Africa. Sixty percent of those NOT sourcing there now tell us they expect to start shortly.

Many point to the African Growth and Opportunity Act (AGOA), and its ten year renewal, as a main reason why they are in Africa and why they are now looking at expanding their business there.

As our members look at the next ten years, they are telling us about three opportunities they see for the continent.

Africa can develop a vertical industry

Since the creation of AGOA in 2000, policymakers have pondered the best way to create a vertical industry so Africa can draw upon its own

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fabric, yarn, and leather production. Many of the raw inputs are there – petroleum for synthetics, cotton, or cattle for hides – but the intermediate materials are almost all imported from outside the continent. Ten years of uninterrupted duty free access, combined with state of the art flexible rules of origin, give us both the time frame and wherewithal to generate demand for local production of these inputs.

Africa can develop a responsible industry

Africa will be under a lot of pressure to develop its industry quickly – owing to this ten year window. We want to make sure that this is done in a responsible manner. Among other things, this means that: workers are treated fairly and with respect; internationally recognized labor rights are fully observed; factories and industrial parks are safe and compliant; and that there is proper and trained government machinery to support those workers and inspect those factories. It means we have to avoid the mistakes made in other countries – such as Bangladesh – which built up too quickly and without proper safeguards. But it also means learning and applying the positive lessons– such as Bangladesh – where the industry has worked together to create unified codes and inspection protocols, providing a consistent standard of safety and training throughout the industry, and also avoiding burdening factories with costly, duplicative audits.

Africa can develop a competitive industry

Africa's main competitive advantage is duty free access to various markets. While that is important, it is not a sustainable competitive model. Many other countries receive duty free access to these markets and Africa's duty free access –at least for now – is temporary and is conditional. African countries and African factories need to cultivate and develop additional competitive advantages by improving reliability, timeliness, and quality. Key to those disciplines will be investments in physical infrastructure and training, implementation of better government policies, such as those embedded in the Trade Facilitation Agreement (TFA), and the development of stronger regional linkages since these countries become better sourcing partners and better markets when they operate together.

Conclusion

An early opportunity to assess how much progress Africa is making in these three efforts will come later this year when countries complete the first AGOA utilization assessments as mandated by Section 107 of the *Trade Preferences Extension Act of 2015*. It is our hope that African countries will develop those assessments through a transparent process involving key stakeholders and do so in a manner involving benchmarking and collaboration with their neighbors.

Let me conclude by stressing that the creation of a vertical, responsible, and competitive industry in Africa is eminently doable. We will be there to help.