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THE UNITED STATES-AFRICA INITIATIVE

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INTRODUCTION

During the first Ordinary Session of the OAU/AEC Ministers of Trade held in Harare in April 1999, the General Secretariat presented a paper on the various Initiatives in favour of Africa, with particular reference to the so-called President Clinton's "Partnership for Economic Growth and Opportunity in Africa". Ministers were addressed by Ms Rosa Whitaker, the newly appointed Assistant United States Trade Representative for Africa, on the key elements contained in President Clinton's Africa Initiative and the steps that the United States Government was taking to implement it. Ministers also noted the outcome of the visit to Africa of President Bill Clinton in March 1998 which, inter alia took him to Ghana, Uganda, South Africa and Senegal. On that occasion also the Committee took note of the process of the on-going hearing in the U.S. Congress about the "Africa Growth and Opportunity Act".

2. The purpose of this paper is to brief Ministers on the evolution of process of putting in place a mechanism to promote a US-Africa Trade and Investment relationship.

FIRST US-AFRICA MINISTERIAL : PARTNERSHIP FOR THE 21ST CENTURY

3. To mark the first anniversary of the visit of President Clinton to Africa, the United States Administration convened the first-ever United States-Africa Ministerial conference which took place in Washington, D.C. on 15-18 March 1999. In preparation for the event the OAU/AEC Secretariat prepared, for the benefit all Member States, a Brief on the issues of concern to Africa.

4. Present at the conference were eight members of Cabinet, and heads of four agencies from the U.S.-side. From the African-side there were 83 Ministers from 46 sub-Saharan African countries, representatives from four North African countries and heads of eight African regional organizations.

The African Ministers included those holding the portfolio of Trade, Industry, Transport and Finance as well as Foreign Affairs. In some cases countries were represented by three Cabinet Ministers for each country.

5. The Conference was addressed by H.E. Mr. Bill Clinton, President of the United States of America, Dr. Salim Ahmed Salim, Secretary General of the OAU/AEC who co-chaired with the Assistant Secretary of State for African Affairs Ms. Susan Rice, a workshop on "Peace for Prosperity", and Mr. Kofi Annan, Secretary General of the United Nations respectively. Ambassador Vijay S. Makhan, Assistant Secretary General of the OAU/AEC also co-chaired a Roundtable on the Multilateral Trading System with Ambassador Charlene Barshefky, United States Trade Representative. Prior to the Conference he held a bi-lateral meeting on 15 March with Ambassador Barshefky where they exchanged views on a wide range of issues in prospects for cooperation between the U.S. and the Organization of African Unity/African Economic Community.

U.S.-Africa Cooperation in the Multilateral Trading System: Challenges and Opportunities

6. During the Roundtable session held on 15 March 1999, the US-side reviewed the status of African participation in the functioning of the World Trade Organization (WTO) and applauded the membership record which at that time stood at 38 countries. It was stressed that African participation in the WTO needed to be deepened. For example, the US noted that less than half of Africa's WTO members had published their tariff schedules in Geneva and commitments under the WTO Agreements on such areas, as Information Technology, Financial Services and Basic Telecommunications. The US underscored the fact that African participation in the WTO needed to be expanded and its trade liberalization deepened in order for African countries to derive maximum benefits in future WTO negotiations. It was stressed that without such commitments, investor confidence in African economies would not be consolidated.

7. In connection with the above, the U.S.-side emphasized the important role that developed countries could play in building the capacity of African countries to implement commitments in complex areas and pointed out a number of USTR/USAID-sponsored workshops on WTO rules and

requirements that had been mounted for the benefit of some African countries. The US also outlined potential areas of U.S.-Africa cooperation in the WTO, including those in the area of Agricultural negotiations, the fast development of global Electronic - Commerce, Sectoral Liberalization and technical assistance. It also stressed U.S. goals for the upcoming 3rd Ministerial Meeting scheduled in Seattle, USA for 30 November -3 December 1999 and underlined U.S. support for regional integration efforts in Sub-Saharan Africa pointing out the cummulation elements in the rules of origin of the U.S. Generalized System of Trade Preferences (GSP) as a means to overcome the absence of economies of scale in respect of countries in Africa.

8. The U.S. side expressed the hope that it could share common goals with African countries in respect of issues like, elimination of export subsidies, reduction in farm product tariffs; tighter rules on domestic use of subsidies; reform of state trading enterprises (transparency in government procurement); and clarification of rules on technical barriers that unjustifiably restrict trade. They noted the importance of biotechnology as well as the central role these products would play in meeting food demand in the coming century. In all cases the U.S. side gave assurances about the availability of technical assistance.

9. The African-side at the Roundtable cited the importance of the Roundtable as a major step that ought to be used to crystallized the trade aspects of President Clinton's U.S.-Africa Partnership Initiative. It stressed that the U.S. and other developed economies did not recognize the specific realities which African countries faced and expressed the hope that the Conference would afford the U.S.-side the opportunity to understand the African realities. The playing field was "not level" on trade issues in the global trading system. The African side pointed out that the inability of African countries to participate in Geneva on WTO-related issues was because African Embassies and Permanent Representations accredited to the WTO were few and where they existed they were poorly staffed.

10. The following key issues of concern for African countries in the WTO namely were then highlighted :

- a) the need for the OAU to be granted a permanent Observer status in the WTO in order to better assist member states in strengthening their participation in its work;
- b) the current U.S.-E.U. dispute over bananas portrays the manner in which the US. was not respecting the WTO principle on “special and differential” treatment for developing countries;
- c) reaction to OAU’s request at the Ministerial for a waiver for Lome preferences; and
- d) capacity building for African countries to participate in the WTO because African countries were unprepared and/or ill prepared to assume new commitments in the upcoming negotiations especially in Agriculture and Services as well as in the new areas, namely Government Procurement, Investment, Competition Policy and Electronic Commerce.

11. The comparative advantage which Africa possessed in the area of Agriculture and the potential for cooperation on agriculture-related issues was pointed out. The African side then proposed the institutionalization of the U.S.-Africa dialogue and to build a role for the U.S.-Africa private sectors on trade. To that end the African side promised to report on the U.S.-Africa agenda to the African Economic Community’s Economic and Social Commission (ECOSOC) in order to come up with follow-up action.

12. At the end of the U.S.-Africa Ministerial Conference the Ministers from the African and the U.S.-sides adopted the “Blueprint” which spells out the framework for their cooperation. Some of the key elements in the “Blueprint” For a U.S.-Africa Partnership for the 21st Century which might impact on the on-going ACP-EU negotiations and the WTO’s negotiations, respectively as follows:

- a) The U.S. undertook to support a request for a continuation of the current WTO Lome waiver for a sufficiently-long transitional period for non-reciprocal trade preferences and commodity protocols in favour of African, Caribbean and Pacific (ACP) states in a post Lome IV period as required by the present Convention. The Ministers from the U.S. and African sides agreed on the need for multilateral institutions

to more effectively coordinate and cooperate with the WTO on trade and investment issues affecting African countries, primarily in the area of technical assistance.

- b) The U.S. agreed to support the request of the OAU/AEC for permanent observer status in the WTO; to that end the U.S. agreed to assist to work out the modalities at the WTO. It was also understood that the U.S. would make known to its developed and major trading partners, its new position on the application for the OAU's Observer status.
- c) U.S.-Africa Partnership is to be institutionalised; meanwhile the OAU undertook to use its channel of the AEC's Economic and Social Commission (ECOSO) to report on the First U.S.-Africa Ministerial Conference;
- d) On the U.S.-EU banana dispute, the U.S. gave assurances that ACP banana trade and market for that commodity would not be in jeopardy; it was indicated that the U.S. was not opposed to the Lome preferences enjoyed by African countries and that no other protocols under the Lome Convention would be subject to U.S. attack;
- e) The fact that the removal of export subsidies may negatively impact on domestic food prices of African net-food importing countries was recognised;
- f) On Debt, President Clinton announced a major debt reduction initiative that includes components providing for deeper and accelerated debt reduction and inclusion of additional countries into existing multilateral and bilateral debt reduction programmes. The proposal, which sought to introduce a debt relief to the tune of U.S.\$70 billion was later considered at the G8 Cologne Summit. It helped in widening acceptance of the need to deepen the relief measures in the near future, with particular reference to the Highly Indebted Poor Country (HIPC) Initiative.
- g) On Regional Integration, both the African-side and the U.S.-side agreed that economic integration within Africa could improve economies of scale and reduce transaction costs. It

was, accordingly, recognised that building on the Abuja Treaty as a cornerstone of regional integration, Africa's participation in the globalised world economy could be enhanced. To this end the OAU/AEC member States requested and obtained the support of the United States for the programmes of the Regional Economic Communities.

- h) Ministers from both the U.S. and African sides agreed that development assistance remains an essential component of the efforts to promote sustainable growth and alleviate poverty. To this end, while noting the declining trend of ODA, the two sides agreed that it is essential to orient a component of current development assistance to support reforms now underway in order to elicit the trade, investment and entrepreneurial responses needed to provide Africans more widespread and lasting opportunities to improve their standard of living.
- i) The U.S. and African sides agreed on the need to pursue regular dialogue on the U.S.-Africa trade and investment issues. The Conference noted the role that could be played by the Overseas Private Investment Corporation (OPIC) and the United States Agency for Development (USAID), the Export-Import Bank and the Trade and Development Agency (TDA). In this regard the United States undertook to increase support for micro-enterprise development and export while African governments undertook to increase access to private credit and entrepreneurial opportunities for small investors, especially women.

13. The full text of the Blueprint is attached to this report, for ease of reference.

REPORT TO OAU/AEC POLICY ORGANS AND PLANNED FOLLOW-UP ACTIVITIES

14. The report on the US-Africa Ministerial Meeting was reported to the 3rd Session of the Economic and Social Commission of the African Economic Community at its meeting held in Addis Ababa in June 1999.

Secondly an appropriate report was made to the 70th Ordinary Session of the OAU/5th Ordinary Session of the AEC Council of Ministers held on 8-10 July, 1999 in Algiers. Accordingly Council, by its Regulation CM/OAU/AEC/Regl.2 (V), *inter-alia*, ruled as follows on the United States-Africa Ministerial Meeting:

1. United States Administration should be commended for its continued commitment and interest to support Africa's development effort, particularly for organizing the first U.S.-Africa Ministerial Conference;
2. The General Secretariat should pursue the implementation of the "Blueprint on US-Africa Partnership in the 21st Century", especially with respect to the institutionalization of the partnership and submit periodic reports thereon to the ECOSOC;
3. The RECs (Regional Economic Communities) and all member States which have not yet done so should initiate action to implement the Blueprint on the U.S.-Africa Partnership in the 21st Century.

CONCLUSION

15. The Ministers of Trade may wish to note that as a follow-up to the commitments made the OAU/AEC Secretariat is constantly in touch with the USTR and the USAID and the following activities have been undertaken or are underway for execution:

- a) On 31 March 1999, the United States in its communication to the General Council of the WTO raised the issue of Observer Status for International Inter-governmental Organizations and later on 15 June, 1999 during its second intervention at the meeting of the General Council, the United States clarified its position and *inter-alia* stated that "it would be our intention to give observer status to the OAU's African Economic Community".
- b) As a result of consultations, steps are being taken to institutionalize the US.-AEC Consultative Mechanism (UACM) which would function as an informal mechanism

to have periodic substantive discussions on the WTO and other trade, investment and economic issues. It would coordinate work on the US and African sides, identify areas of cooperation, and informally address/resolve areas of contention. In this regard in preparation for the WTO Ministerial scheduled in Seattle, USA in November/December 1999 it is proposed that the UACM could meet on the margins of the UN General Assembly, the World Bank Annual meetings or during the WTO's High-level meeting.

- c) As a result of the emerging partnership the OAU/AEC has accepted to co-sponsor the U.S./AEC WTO Technical Assistance Workshop planned to take place in Abidjan from 2-4 August 1999 for participants drawn from some of the RECs. (Unfortunately, because of the ACP Council of Ministers that has clashed with it, it had to be postponed).

RECOMMENDATION

16. In the light of the above the African Ministers of Trade may wish :
 1. to request the OAU/AEC General Secretariat to proceed with the process of establishing the US-AEC Consultative Mechanism with a view to coordinate the work of the US and Africa regions;
 2. to authorise the OAU/AEC Secretariat, in consultation with all relevant and interested institutions, conduct a study on the likely impact of the creation of a US-Africa Free Trade Area.

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