

# The Office of the United States Trade Representative

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## Ambassador Zoellick to Travel to sub-Saharan Africa to Advance Doha Agenda, Discuss Cotton

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WASHINGTON - United States Trade Representative Robert B. Zoellick will travel to three countries in West Africa on December 7-10, 2004, to discuss ways to further global trade liberalization through the World Trade Organization (WTO) Doha Development Agenda and to learn more about their needs on cotton and other key products. Zoellick's visit to Senegal, Benin, and Mali keeps a pledge he made to West African trade ministers in Geneva earlier this year to continue a dialogue with African countries interested in the global cotton trade and development. These three countries also receive special trade access to the U.S. market under AGOA, the African Growth and Opportunity Act, and are candidates for development funding under the Millennium Challenge Account (MCA), an innovative approach to aid proposed by President Bush.

"African nations and the United States share many common interests in the WTO negotiations, and I look forward to discussing how we can build on our cooperative efforts to advance both the Doha agenda and our bilateral trading ties," Zoellick said. "To fulfill the promise of these negotiations and address trade matters of concern to Africa and the United States, including cotton, we need an ambitious overall reform package in the Doha WTO negotiations that includes broad agriculture trade reform and other trade liberalization."

Following stops in West Africa, Zoellick will travel to Namibia and Lesotho on December 10-13, 2004, to discuss AGOA and bilateral trade and development initiatives. In Namibia, Zoellick will meet with trade ministers from the five Southern African Customs Union (SACU) countries (Botswana, Lesotho, Namibia, South Africa and Swaziland) to advance ongoing negotiations toward a U.S.-SACU Free Trade Agreement.

In addition to meeting ministers responsible for trade at each stop, Zoellick will see local legislators, farmers, and businesspeople to hear Africans' perspectives on how open markets and expanded trade can help to raise living standards and overcome poverty. He will also visit facilities that benefit from duty-free access to the U.S. market under AGOA, and sites that may be the focus of funding from the U.S. Millennium Challenge Corporation (MCC).

"In addition to discussing the WTO negotiations, I plan to listen and learn more about the economic success of AGOA. I also want to discuss the opportunities we have to further connect free trade and open commerce to economic growth, regional integration, and political reforms through MCC development aid. I look forward to the opportunity to reaffirm our vision for a comprehensive free trade agreement with SACU and to see how we can move the negotiations forward," Zoellick said.

This will be Ambassador Zoellick's fifth visit to sub-Saharan Africa as United States Trade Representative (USTR), and his third trip this year. He will be accompanied by Assistant USTR for Africa Florie Liser, Assistant USTR for Intergovernmental Affairs and Public Liaison Chris Padilla, Assistant USTR for Trade Capacity Building Mary Ryckman, and Director for WTO Agricultural Negotiations Jason Hafemeister.

### Background on WTO agriculture negotiations:

Zoellick's visit to the West African nations of Senegal, Mali, and Benin fulfills a pledge he made to these countries during July 2004 WTO negotiations in Geneva. At those negotiations, WTO members agreed on a framework to guide the negotiations -- a framework that includes historic reform of global agricultural trade, including global trade in cotton. The framework calls for the elimination of all forms of export subsidies, substantial reductions and greater harmonization of trade-distorting domestic support, and substantial

improvement of market access opportunities including by subjecting higher tariffs to deeper cuts. During the July meetings, Zoellick spent many hours working directly with his African counterparts, including 10 consecutive hours of talks, which contributed to the development of the overall framework.

In the framework, countries agreed that cotton is a vital issue that will be addressed within the agriculture negotiations. As the G-8 Leaders affirmed last summer, cotton is a matter of primary concern to African countries. Work on cotton will include all trade-distorting policies in the sector, including market access, domestic support, and export competition. The United States is also participating in multilateral efforts concerning the development aspects of cotton.

### **Background on AGOA, SACU, and MCC:**

**AGOA:** Passed in 2000, AGOA forged a new trade partnership between the United States and sub-Saharan Africa -- granting duty-free access to the U.S. market for substantially all products of eligible countries and bringing new jobs and new investment to the region. AGOA has created new commercial opportunities for Africans. AGOA imports totaled \$14.1 billion in 2003, and non-fuel exports to the United States from eligible countries were up by more than 30 percent over 2002. A more prosperous Africa is also benefiting American companies, farmers, and workers. Between 1999 and 2003, U.S. exports to the region have grown by 24 percent to \$6.9 billion. President Bush has made AGOA a cornerstone of the Administration's policy toward sub-Saharan Africa and a key part of his effort to open markets and to promote economic growth and development in this struggling area of the world. Over the last four years, President Bush has twice signed legislation passed by Congress to expand and enhance AGOA's benefits.

**U.S.-SACU FTA:** The United States and the five SACU countries launched negotiations toward a free trade agreement (FTA) in Pretoria, South Africa on June 2, 2003. SACU is the United States' largest export market in sub-Saharan Africa, and this initiative represents an opportunity to build on the success of AGOA and create a comprehensive infrastructure for trade and investment that furthers regional growth and development and provides for a common economic future. It would be the first U.S. FTA in sub-Saharan Africa.

**MCC:** To use foreign aid more effectively, the Administration is channeling more funds to countries that follow pro-growth policies, with measurable results. The Millennium Challenge Corporation -- established in 2004 by President Bush to administer the Millennium Challenge Account (MCA) -- provides the poorest countries with access to increased levels of funding. The main principle underlying the MCA is to focus economic development assistance on nations that are taking actions to govern justly, invest in people, and encourage economic freedom. Policies promoting these goals underpin successful growth, catalyze private investment, and increase the effectiveness of aid.

Congress allocated \$1 billion to the MCC for FY2004 and \$1.5 billion in FY2005. The MCC will work with potential recipient countries to develop compacts that set forth a commitment between the United States and the developing country to meet agreed performance benchmarks. In this partnership, countries will identify their own highest priorities for achieving sustainable economic growth and poverty reduction, recognizing that economic growth is largely driven by a country's own efforts, policies, and its people. Ambassador Zoellick is a member of the MCC Board. To date, the Board has selected the following countries as eligible to negotiate compacts: Armenia, Benin, Bolivia, Cape Verde, Georgia, Ghana, Honduras, Lesotho, Madagascar, Mali, Mongolia, Morocco, Mozambique, Nicaragua, Senegal, Sri Lanka, and Vanuatu.

The Threshold Program has been established to assist countries that have not yet qualified for MCA assistance but have demonstrated a significant commitment to improve their performance on the MCA eligibility criteria. The Board has selected the following countries for the Threshold Program: Albania, Burkina Faso, East Timor, Guyana, Kenya, Malawi, Paraguay, Philippines, São Tomé and Príncipe, Tanzania, Uganda, Yemen, and Zambia.

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