



**2016 BIENNIAL REPORT**

**ON THE**

**IMPLEMENTATION OF THE**

**AFRICAN GROWTH AND**

**OPPORTUNITY**

**ACT**

Prepared by the Office of the United States  
Trade Representative  
June 2016



# 2016 BIENNIAL REPORT ON THE IMPLEMENTATION OF THE AFRICAN GROWTH AND OPPORTUNITY ACT



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Office of the United States Trade Representative  
June 29, 2016

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## **Foreword**

Section 110 of the Trade Preferences Extension Act of 2015 (“the Act”), 19 U.S.C. § 3705 note, states that the President<sup>1</sup> shall submit a report to Congress on the trade and investment relationship between the United States and sub-Saharan African countries not later than one year after the enactment of the Act, and biennially thereafter. The current report provides a description of the status of trade and investment between the United States and sub-Saharan Africa, changes in country eligibility for AGOA benefits, an analysis of country compliance with the AGOA eligibility criteria, an overview of regional integration efforts in sub-Saharan Africa, and a summary of U.S. trade capacity building efforts. As required by section 110, this report also fulfills the statutory requirements in the Act to report to Congress regarding: (1) out-of-cycle AGOA country eligibility reviews; and (2) potential trade agreements.

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<sup>1</sup> This reporting function was delegated to the U.S. Trade Representative in Executive Order 13720 of February 26, 2016.

## **Chapter I: The U.S.–Sub-Saharan Africa Trade and Investment Relationship**

The United States has a long-standing partnership with sub-Saharan Africa, and is committed to accelerating economic growth across the region through increased trade and investment. Since it was first enacted in 2000, the African Growth and Opportunity Act (AGOA) has been a key element of U.S. economic policy in, and engagement with, sub-Saharan Africa. The United States also works to promote and enhance the U.S.-sub-Saharan Africa trade and investment relationship through sustained engagement in a range of other initiatives in addition to AGOA, such as the U.S.-East Africa Community (EAC) Trade and Investment Partnership, the Trade Africa initiative, Trade and Investment Framework Agreements (TIFAs), and U.S. bilateral investment treaties (BITs).

This chapter describes the status of trade and investment between the United States and sub-Saharan Africa, including information on leading exports to the United States from sub-Saharan African (SSA) countries. It also provides information on initiatives related to enhancing the trade and investment relationship, including AGOA and engagement at the annual AGOA Forum, as well as our other U.S.-Africa initiatives.

### **Trade and Investment Overview**

#### *Trade*

Total SSA exports to the United States (including those under MFN and preferences programs) increased substantially from \$23.5 billion in 2000 to a peak of \$86.1 billion in 2008 before declining to \$18.5 billion in 2015. The decline was mostly due to falling oil exports to the United States. Top SSA exports to the United States in 2015 were mineral fuels (crude), precious metals, motor vehicles and parts, cocoa, ores, and iron and steel. In 2015, the top SSA exporters to the United States were South Africa, Angola, Nigeria, Chad, and Cote d'Ivoire.

Similar to total SSA exports to the United States, total SSA exports under AGOA (including those under the Generalized System of Preferences Program (GSP) increased substantially from \$8.2 billion in 2001 (the first full-year of AGOA trade) to a peak of \$66.3 billion in 2008 before declining to \$9.3 billion in 2015. The decline was mainly due to the U.S. recession in 2009 and a sharp decline in oil exports. In contrast, SSA nonoil exports to the United States under AGOA nearly tripled from \$1.4 billion in 2001 to \$4.1 billion in 2015, mainly due to increases in exports of autos and parts, apparel, fruits and nuts, cocoa and cocoa products, prepared vegetables, footwear, and cut flowers. In 2015, the top five exporters under AGOA were South Africa, Angola, Chad, Nigeria, and Kenya.

Total U.S. exports to sub-Saharan Africa totaled \$17.8 billion in 2015, up 202 percent compared to 2000, but down 30 percent compared to 2014. Top U.S. exports in 2015 were machinery, aircraft, vehicles, mineral fuels, and cereals. The top U.S. export markets in 2015 were South Africa, Nigeria, Ethiopia, Angola, and Kenya.

## *Investment*

U.S. investment stock in sub-Saharan Africa stood at \$34.4 billion in 2014 (latest year available) compared to \$9 billion in 2001. The SSA investment stock in the United States stood at \$2.2 billion in 2014 compared to \$2.4 billion in 2001.

### **Initiatives Related to Enhancing the Trade and Investment Relationship between the United States and sub-Saharan African Countries**

The United States maintains active efforts to promote U.S. trade and investment interests across sub-Saharan Africa through a range of initiatives, which include AGOA and the annual AGOA Forum, the U.S.-East African Community (EAC) Trade and Investment Partnership, the Trade Africa initiative, meetings under TIFAs with certain African countries and regional economic communities, and the BIT program.

#### *The African Growth and Opportunity Act (AGOA)*

Enacted on May 18, 2000, AGOA is a key element of U.S. economic policy in and engagement with sub-Saharan Africa. Since its inception, AGOA has helped eligible SSA countries expand and diversify their exports to the United States by providing duty-free access to the U.S. market for over 1,800 products beyond the products eligible under the GSP program<sup>2</sup>. The additional products include value-added agricultural and manufactured goods such as processed food products, apparel, and footwear. These market opportunities for African exports – especially of non-traditional and higher value products – have helped African firms become more competitive internationally, thereby bolstering African economic growth and helping to alleviate poverty on the continent. Thirty-eight countries were eligible for AGOA benefits in 2016. (*See Appendix 1 for list of AGOA beneficiary countries.*)

In order to remain eligible for AGOA, countries must meet the eligibility criteria set forth in: (1) section 104 of AGOA (19 U.S.C. 3703); and (2) section 502 of the Trade Act of 1974 (19 U.S.C. 2462) (hereinafter 1974 Act). The eligibility requirements set forth in Section 104 of AGOA include requirements that the country establish or be making continual progress toward establishing, *inter alia*: a market-based economy; the rule of law, political pluralism, and the right to due process; the elimination of barriers to U.S. trade and investment; economic policies to reduce poverty; a system to combat corruption and bribery; and the protection of internationally recognized worker rights. In addition, the country may not engage in activities that undermine U.S. national security or foreign policy interests or engage in gross violations of internationally recognized human rights.

Section 502 of the 1974 Act includes bases for ineligibility for benefits as well as factors that the President shall take into account in determining whether to provide benefits under the GSP. Factors that would result in ineligibility include that a country: (1) may not be a Communist country, unless it receives Normal Trade Relations treatment, is a member of the General Agreement on Tariffs and Trade and the International Monetary Fund, and is not

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<sup>2</sup> Approximately 5,000 additional products are available under GSP to least-developed beneficiary developing countries (LDBDCs) and 3,500 additional products are available to non-LDBDCs.

dominated or controlled by international communism; (2) may not be a party to an arrangement of countries and participate in actions the effect of which is to withhold supplies of vital commodities or raise the price of such commodities to an unreasonable level and cause serious disruption of the world economy; (3) may not afford preferential treatment to products of a developed country that has, or is likely to have, a significant adverse effect on United States commerce; (4) may not have nationalized, expropriated, or otherwise seized property of U.S. citizens or corporations without providing, or taking steps to provide prompt, adequate, and effective compensation, or submitting such issues to a mutually agreed forum for arbitration; (5) may not have failed to recognize or enforce arbitral awards in favor of U.S. citizens or corporations; and (6) may not aid or abet, by granting sanctuary from prosecution, any individual or group that has committed an act of international terrorism. A beneficiary GSP country must also have taken or be taking steps to afford internationally recognized worker rights.

Among the factors that the President shall take into account under section 502 to assess eligibility include: (1) an expression by the country to be designated as a beneficiary; (2) the level of economic development; (3) whether or not other major developed countries are providing preferential treatment; (4) the extent to which the country has assured the United States that it will provide market access and refrain from unreasonable export practices; (5) the extent to which the country is providing adequate and effective protection and enforcement of intellectual property rights; (6) the extent to which the country has taken action to reduce trade distorting investment practices and policies and reduce or eliminate barriers to trade in services; and (7) whether or not the country has taken or is taking steps to afford workers with internationally recognized worker rights. *(The full AGOA and GSP eligibility criteria are included in Annexes 3 and 4, respectively.)*

On June 29, 2015, President Obama signed into law the Trade Preferences Extension Act of 2015 (TPEA), extending AGOA for 10 years through 2025, including the third-country fabric provisions. The TPEA also enhanced AGOA in a number of other ways, including promoting greater regional integration by expanding the rule of origin and encouraging the development by AGOA beneficiaries of utilization strategies to improve AGOA's effectiveness and use.

The TPEA also provided additional tools to support compliance with AGOA eligibility criteria, including by providing greater flexibility to withdraw, suspend, or limit benefits under AGOA if it is determined that such action would be more effective than termination of AGOA eligibility. The TPEA improved transparency and participation in the AGOA review process and created a public petition process to review countries' AGOA eligibility. In addition, the TPEA authorized the initiation of out-of-cycle reviews of a country's eligibility and required that the Administration initiate an out-of-cycle review of South Africa's eligibility in response to concerns that South Africa had not addressed several long-standing barriers to U.S. trade and investment.

### *2015 Country Review for AGOA Eligibility in 2016*

AGOA requires the President to determine annually which of the SSA countries listed in the Act are eligible to receive benefits under the Act. These decisions are supported by an annual interagency review, chaired by the Office of the U.S. Trade Representative (USTR). This review examines whether each designated AGOA beneficiary country continues to meet the eligibility

criteria and whether circumstances in ineligible countries have improved sufficiently to warrant their designation as a beneficiary country.

As described above, countries must also be eligible for GSP in order to be considered for AGOA eligibility. GSP country eligibility is generally reviewed as a result of a petition-based process. Each year through a Federal Register notice, USTR invites petitions to modify the GSP status of any GSP beneficiary country for not meeting the eligibility criteria. A petitioner may make a submission alleging a country is out of compliance with a specific GSP criteria, and if the Administration accepts the petition, a public process is launched to review a country's compliance with the criteria. The USTR also has the authority to initiate a review of a country's practices. In recent years no petitions have been filed with respect to any sub-Saharan African country, with the exception of a petition filed related to Niger's compliance with GSP's labor criteria. (*For more information on Niger, see the Niger section of chapter 2 of the report.*)

Countries may also be graduated from GSP if they exceed the lower bound of the World Bank's definition of a "high-income" country (GNI per capita of \$12,736 as of July 1, 2015). By application of that threshold, Equatorial Guinea graduated from GSP and AGOA effective January 1, 2011, and Seychelles will graduate from GSP (and therefore AGOA) effective January 1, 2017.

Through activities such as the annual AGOA country eligibility review process, the annual U.S.-sub-Saharan Africa Trade and Economic Cooperation Forum ("the AGOA Forum") (*see below*), and ongoing dialogue with African trading partners, AGOA provides incentives to promote economic and political reform as well as trade expansion in beneficiary countries in support of broad-based economic development. The regular annual review in 2015 resulted in the withdrawal of Burundi's AGOA eligibility, effective January 1, 2016, due to Burundi no longer meeting eligibility criteria related to human rights, governance, and rule of law. (*For more information on the annual AGOA country eligibility review, see chapter 2 of this report.*)

An out-of-cycle review of South Africa's AGOA eligibility was initiated on July 21, 2015 in accordance with TPEA. On November 5, 2015, President Obama determined that South Africa had not made continual progress toward the elimination of several longstanding barriers to U.S. trade and investment, including unwarranted barriers to U.S. poultry, pork, and beef, and, therefore, was not in compliance with AGOA eligibility requirements. As a result, the President notified Congress and the Government of South Africa of his intent to suspend duty-free treatment for all AGOA-eligible agricultural goods from South Africa. On January 11, 2016, the President issued a proclamation that suspended South Africa's AGOA benefits in the agricultural sector effective March 15, 2016. However, prior to the effective date, South Africa took actions to resolve the concerns raised by the U.S. government, and as a result, the President determined that South Africa had come into compliance with the AGOA eligibility criteria. On March 14, 2016, the President issued a second proclamation revoking his January 11, 2016, proclamation. (*For more information on the out-of-cycle review of South Africa, see the South Africa section of chapter 2 of this report.*)

### *United States-Sub-Saharan Africa Trade and Economic Cooperation Forum (“AGOA Forum”)*

The AGOA Forum is an annual ministerial level meeting between the United States and AGOA beneficiary countries. At the August 2015 AGOA Forum held in Libreville, Gabon, U.S. Trade Representative Michael Froman and senior Administration officials from more than a dozen U.S. government agencies met with numerous African trade and other ministers, leaders of African regional economic organizations, and representatives of the African and American private sectors and civil society to discuss issues and strategies for advancing trade, investment, and economic development in Africa. In addition, the Forum addressed ways to increase U.S.-African trade in light of the recent 10-year extension of AGOA. At the Forum, Ambassador Froman also announced the launch of a strategic review that would assess past experiences and emerging trends with the goal of identifying the contours of a deeper and more sustainable, U.S.-Africa trade and investment partnership for the future.

### *Trade Africa/U.S.-EAC Trade and Investment Partnership*

During his July 2013 visit to sub-Saharan Africa, President Obama announced the Trade Africa initiative. Trade Africa is a partnership between the United States and sub-Saharan African countries that seeks to increase regional trade within Africa and expand trade and economic ties between Africa and the United States. Trade Africa initially focused on the Partner States of the East African Community (EAC) – Burundi, Kenya, Rwanda, Tanzania, and Uganda. Subsequently, South Sudan became a member of the EAC in 2016.

On February 26, 2015, Ambassador Froman and trade ministers from the five EAC countries marked a milestone for Trade Africa by signing a “Cooperation Agreement among the Partner States of the East African Community and the United States of America” on trade facilitation, sanitary and phytosanitary measures, and technical barriers to trade. The Agreement will increase trade-related capacity building in these key areas in EAC countries and is intended to deepen economic ties between the United States and the EAC.

The United States and the EAC also discussed the possibility of negotiating a U.S.-EAC investment treaty to contribute to a more attractive investment environment in East Africa. Further, the United States and EAC discussed ways to; (1) facilitate U.S.-EAC private sector engagement under the United States-EAC Commercial Dialogue; (2) transform the East Africa Trade Hub into the East African Trade and Investment Hub to provide additional information, advisory services, and risk mitigation and financing to potential investors and exporters; (3) provide trade capacity building support to the EAC Secretariat and Partner States through a variety of mechanisms; and (4) work to ensure that EAC member states are fulfilling their commitments to an open and transparent trade system so that U.S. products are allowed access to the EAC markets, particularly with regards to meat and poultry.

### *Trade Africa Expansion*

At the 2014 U.S.-Africa Leaders Summit, the White House announced that Trade Africa would be expanded beyond the EAC. USTR and other agencies working under the auspices of the

Steering Group on Africa Trade and Investment Capacity Building – an all-of-government initiative to coordinate trade capacity building support for Africa – identified Cote d’Ivoire, Ghana, Mozambique, Senegal, and Zambia as new Trade Africa countries in July 2015. The United States also proposed to provide technical support on trade matters to the Commission of the Economic Community of West African States (ECOWAS) as part of the Trade Africa initiative. In the new partner countries, Trade Africa aims to improve partners’ compliance with WTO rules on trade facilitation, sanitary and phytosanitary measures, and technical barriers to trade; foster an improved business climate that supports broad-based economic growth; and address capacity issues that constrain trade.

### *Trade and Investment Framework Agreements (TIFAs)*

Trade and Investment Framework Agreements (TIFAs) provide strategic frameworks and principles for dialogue on trade and investment issues between the United States and our trading partners. Topics for consultation and possible further cooperation can include market access issues, labor, the environment, protection and enforcement of intellectual property rights, and, as appropriate, capacity building.

The United States has 12 TIFAs with sub-Saharan Africa countries and regional economic organizations, including Angola, Ghana, Liberia, Mauritius, Mozambique, Nigeria, Rwanda, South Africa, the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC), the Economic Community of Western States (ECOWAS), and the West Africa Economic Monetary Union (WAEMU). The United States also has a similar agreement, called a Trade, Investment, and Development Cooperative Agreement, with the five countries of the Southern African Customs Union (Botswana, Lesotho, Namibia, South Africa, and Swaziland). In 2015, TIFA meetings were held with South Africa, the EAC, ECOWAS, and COMESA.

### *U.S.-EAC TIFA Meeting*

During the February 26, 2015, TIFA meeting the EAC partner states and the United States signed the groundbreaking “Cooperation Agreement on Trade Facilitation, Sanitary and Phytosanitary Measures, and Technical Barriers to Trade” (*see Trade Africa above*). The Ministers also discussed a variety of options for the way forward on the U.S.-EAC trade and investment agenda and began work on the inaugural regional AGOA strategy. The inaugural U.S. – EAC Commercial Dialogue was co-chaired by U.S. Department of Commerce Deputy Secretary Bruce Andrews and Tanzania’s Minister for East African Cooperation, Dr. Harrison Mwakymbe. Since the U.S. Africa Leaders Summit, the Commerce Department has been working in consultation with the U.S. business community on several public-private sector policy and program proposals that could have a transformative impact by unlocking borders and increasing trade and investment by boosting regional integration and trade facilitation. These policy recommendations were supported by training on best practices by members of the President’s Advisory Council on Doing Business in Africa (PAC-DBIA). A major outcome of the Dialogue was an EAC cold chain fact finding mission in partnership with the Global Cold Chain Alliance in October 2015 to help unlock the potential of the local agricultural sector,

enhance food sustainability and safety, and create opportunities for partnerships with American companies. In June 2016, the Department of Commerce hosted a stakeholders meeting in Kenya to explore a transportation-focused digital solution for cold chain implementation. Another deliverable was an Institutional Investor Roadshow, which took place on the sidelines of the 2015 UN General Assembly, to raise awareness and involvement of U.S. institutional investors in key infrastructure projects in the EAC.

#### *U.S.-South Africa TIFA Meeting*

On April 15, 2015, Ambassador Froman hosted the second meeting of the amended U.S.-South Africa TIFA that was signed on June 18, 2012.<sup>3</sup> Discussions focused on improving market access and eliminating barriers to U.S. agricultural goods, improving South Africa's business climate and investment policies, and protecting and enforcing intellectual property rights.

#### *U.S.-ECOWAS TIFA Meeting*

On August 27, 2015, Ambassador Froman and ECOWAS officials held the inaugural meeting of the United States-ECOWAS TIFA. Among the topics discussed were progress on reducing trade barriers within ECOWAS, deepening U.S.-ECOWAS trade, and the status of the West Africa-European Union Economic Partnership Agreement.

#### *U.S.-COMESA TIFA Meeting*

On February 8, 2016, USTR and COMESA officials held the eighth meeting of the United States-Common Market for Eastern and Southern Africa (COMESA) Trade and Investment Framework Agreement (TIFA). Among the topics discussed were the U.S.-COMESA trade and investment relationship under AGOA, deepening U.S.-COMESA trade, and the business climate and investment policies in COMESA.

#### *Bilateral Investment Treaties (BITs)*

The U.S. BIT program helps to protect private investment, to develop market-oriented policies in partner countries, and to promote U.S. exports. The BIT program's basic aims are to protect investment abroad in countries where investor rights are not already protected through existing agreements (such as modern treaties of friendship, commerce, and navigation, or free trade agreements); to encourage the adoption of market-oriented domestic policies that treat private investment in an open, transparent, and non-discriminatory way; and to support the development of international law standards consistent with these objectives. The United States has BITs with six sub-Saharan African partners: Cameroon, the Democratic Republic of Congo, the Republic of Congo (Brazzaville), Mozambique, Rwanda, and Senegal.

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<sup>3</sup> The amended TIFA replaced an original TIFA signed on February 18, 1999. The 1999 TIFA was effectively put on hold, by mutual consent, once the United States-Southern African Customs Union (SACU) free trade agreement (FTA) negotiations began in 2002 and ended unsuccessfully in 2006. In 2010, both sides agreed to revitalize and renegotiate the TIFA to allow for sustained discussions and cooperation on key bilateral issues of interest. Modifications to the TIFA included updating the text, making procedural-related changes, and including provisions on corruption, labor, and the environment.

## **Chapter II. Country Reports**

This chapter contains information on the sub-Saharan African countries that were examined in the 2015 annual review of country eligibility for benefits under AGOA. The President may designate a country as a beneficiary sub-Saharan Africa country eligible for AGOA benefits if he determines that the country meets the eligibility criteria set forth in: (1) section 104 of AGOA (19 U.S.C. 3703); and (2) section 502 of the 1974 Act (19 U.S.C. 2462).

### **Annual AGOA Country Eligibility Review**

As a result of discussions between the United States and sub-Saharan African trade partners since AGOA's enactment in 2000, many countries have been encouraged to introduce significant reforms into their policies and practices in order to meet AGOA's eligibility requirements. Many governments have improved their economic management by reducing their role in the economy, deregulating sectors, and liberalizing trade regimes. These changes have resulted in improved business environments that can also benefit U.S. businesses and investors. Some countries have implemented political reforms to improve governance through elections, improved transparency and accountability, strengthened rule of law, and adopted new anti-corruption measures. Moreover, U.S. consultations with African governments have resulted in greater emphasis on poverty reduction programs through health, education and infrastructure development initiatives. In some cases, countries have enacted labor laws that protect workers' rights to organize and bargain collectively, discourage discrimination against unionized workers, and improve child labor laws. Importantly, some countries have addressed human rights concerns in order to improve their records and satisfy AGOA standards.

The AGOA country eligibility determination process is rigorous. A comprehensive review is conducted of each country that has requested designation as an AGOA beneficiary and during each annual review, a number of concerns surface for every country. Addressing these concerns is an important aspect of targeted U.S. policy objectives to be pursued with specific governments.

In the 2015 country review, President Obama determined that one country, Burundi, was not meeting the AGOA eligibility criteria and found it ineligible for AGOA benefits effective January 1, 2016. In addition, an out-of-cycle review of South Africa's compliance with the eligibility criteria was initiated in 2015, as mandated by the Trade Preferences Extension Act of 2015. The results of that review are reported in the South Africa section below. As discussed therein, the out-of-cycle review resulted in the resolution of the issues of concern and did not result in the loss of benefits under AGOA. Two countries that have not requested AGOA benefits (Somalia and Sudan) were not reviewed in 2015. Additionally, Equatorial Guinea was not reviewed because it graduated from GSP and therefore is no longer eligible to be designated as an AGOA beneficiary.

## ANGOLA

**Status:** AGOA Eligible.

**Market Economy/Economic Reform/ Elimination of Barriers to U.S. Trade:** Angola is the United States' third largest trading partner in sub-Saharan Africa and our two countries are party to a TIFA. Currently, oil and a small amount of other exports are the leading Angolan beneficiaries of AGOA, but the government is attempting to diversify the economy.

In early 2015, Angola issued Joint Executive Decree No. 22/15 blocking many imports. The government stopped enforcing the decree after a month due to pressure trading partners such as Portugal and the United States, but the decree has not been cancelled.

**Rule of Law/Political Pluralism/Anti-Corruption:** Angola has made efforts to be more transparent with its budget, and has an independent office for mediation of cases between the public and the government and its institutions. However, according to Transparency International, it remains one of the most corrupt countries in the world (153<sup>rd</sup> on Transparency International Corruption Perceptions Index). The checks and balances system in government is insufficient, and the political rights and civil liberties of Angolan citizens are restricted.

**Poverty Reduction:** Angola is working to alleviate poverty through economic growth by expanding access to electricity, including through hydroelectric projects, as well as the rehabilitation of railways and roads. A major impediment to poverty reduction is lack of access to education; the average Angolan has 4.7 years of formal schooling. Angola ranks 149 out of 186 on the Human Development Index.

**Labor/Child Labor/Human Rights:** Angola has made efforts to improve internationally recognized worker rights with regard to trafficking in persons and the worst forms of child labor. In 2015, the government acceded to the Palermo Protocol, passed a new law protecting all children from human trafficking for sexual and economic exploitation, and established a Commission to Combat Trafficking in Persons. Angola avoided a potential downgraded rating in the Trafficking in Persons (TIP) report in 2016 as a result of its efforts. However, diamond mine workers are grossly underpaid and work in extremely dangerous conditions. Gaps in the legal framework and a lack of enforcement of existing laws leave children unprotected from exploitation in practice. The government continues to exercise extensive control over the labor movement and only a few weak independent trade unions exist. The independent unions are not able to effectively exercise their constitutional rights in practice. Concerns persist regarding government-perpetuated human rights abuses, official corruption and impunity, limits on freedom of assembly, association, speech and press, and cruel and excessive punishment.

**International Terrorism/U.S. National Security:** Angola does not support acts of terrorism, nor engage in activities that undermine U.S. national security interests. In 2014 and 2015, Angola created a Financial Intelligence Unit, an Anti-Money Laundering and Counterterrorism Financing Law, and a Mutual Legal Assistance law.

## BENIN

**Status:** AGOA Eligible.

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** Benin is a constitutional democracy led by a strong presidency, and has experienced strong economic growth. Prices, markets, and the agricultural sector have been liberalized, and the legal system recognizes and protects property rights and the rights to private ownership and investment. Benin lacks fiscal transparency, and uses price regulation in certain goods, including cement and gas.

**Rule of Law/Political Pluralism/Anti-Corruption:** Benin has an independent judiciary, and democratic processes are well observed, with elections deemed free and fair by international observers. Benin has one of the most open media environments in Africa. Benin's anti-corruption body was founded in 2013 and can bring corruption cases directly to the court for indictment. Problems with corruption still persist, however, as high levels of illiteracy, poverty, and low government salaries lead to rent seeking behavior and bribery.

**Poverty Reduction:** The government remains committed to its Growth and Poverty Reduction Strategy. In 2014, the minimum wage was increased from 30,000 CFA francs (\$57) per month to 40,000 CFA francs (\$76) per month, and the government continues to provide microfinance programs for vulnerable women. Lack of educational opportunity remains a major problem. Only 30 percent of girls and 60 percent of boys graduate from primary school. Benin has introduced a universal healthcare system, but the program is experiencing management and resource challenges.

**Labor/Child Labor/Human Rights:** The government increased the minimum wage by 25 percent and has adopted a national policy for child protection and an action plan to eradicate child exploitation in major national markets. Benin also expanded child protection services in its police department to 12 new geographical areas within Benin. Nonetheless, concerns remain with regard to trafficking in persons, the worst forms of child labor, the exclusion of several sectors, including EPZs, from Labor Code protections, and violations in law and practice of the right to organize. However, anti-trafficking enforcement is hampered by corruption and limited enforcement capacity, and public, domestic, agricultural, and migrant workers are excluded from relevant legal protection.

**International Terrorism/U.S. National Security:** Benin and the United States have excellent diplomatic relations, and have partnered to combat piracy and drug trafficking in the Gulf of Guinea.

## BOTSWANA

**Status:** AGOA Eligible.

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** Botswana has a stable macroeconomic environment. Botswana's sovereign debt is rated as investment grade and

the country maintains foreign exchange reserves valued at over \$8 billion. The constitutional and legislative structure affords protections to investors, and the court system is relatively efficient. Yet large, systemic barriers to trade exist in Botswana. The economy is export driven with diamonds accounting for 80 percent of export revenue. The country is struggling to diversify its economy in preparation for the eventual depletion of diamond resources.

**Rule of Law/Political Pluralism/Anti-Corruption:** Botswana is a multi-party democracy with free and fair elections and is ranked by Transparency International as the least corrupt country in sub-Saharan Africa. The government actively enforces intellectual property rights and is working to stop the smuggling of counterfeit goods over its borders. The government has resisted efforts to pass freedom of information act legislation.

**Poverty Reduction:** About 25 percent of the population lives in extreme poverty, and there is a high unemployment rate, especially among youth. However, Botswana has made strides towards poverty reduction, providing universal access to health care and primary education, and has greatly reduced the prevalence of HIV/AIDS.

**Labor/Child Labor/Human Rights:** The government has made efforts to improve internationally recognized worker rights with regard to trafficking in persons. The government passed a comprehensive anti-trafficking-in-persons bill that prohibits child prostitution and forced labor of both children and adults. However, the process to register unions is onerous and lacks transparency and union members are not protected from discrimination. Unions may be suspended by the government and collective bargaining agreements may be nullified by the employer. The list of essential services that are prohibited from conducting strikes was recently expanded, further expanding the list of restricted services that cannot organize, contrary to international standards. Botswana has a fractured trade union movement and the government lacks an effective mechanism to engage with organized labor. Worker health and safety regulations, particularly in the mining sector, are not fully enforced. Laws do not fully meet international standards for the worst forms of child labor and the enforcement of existing child labor laws is insufficient.

**International Terrorism/U.S. National Security:** The government supports combating terrorist finance through a National Coordinating Committee on Financial Intelligence.

## BURKINA FASO

**Status:** AGOA Eligible.

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** The economy has grown in recent years, but it remains highly dependent on cotton and gold, making it vulnerable to climactic and price shocks. The government has privatized and liberalized some elements of the economy, and introduced a land reform bill that grants formal registration of a range of land rights as well as the decentralization of land administration services. State-owned companies dominate large sectors of the economy, including electricity, water, oil and gas.

**Rule of Law/Political Pluralism/Anti-Corruption:** Burkina Faso had a transitional government through most of 2015. On September 16, 2015, elements of the Presidential Guard, a powerful force with strong ties to the former regime, detained the transitional president and prime minister. The situation was resolved peacefully and on November 29, 2015, Burkina Faso held national elections deemed free and fair by international observers. In March 2015, the government adopted a new anti-corruption law that requires more government officials to declare their assets. Burkina Faso has an independent judiciary, but it is inefficient and subject to executive influence. Abuse by security forces remained a problem in 2015, but human rights groups report some progress on that front.

**Poverty Reduction:** Burkina Faso was recognized by the UN as one of the countries progressing the fastest to meet the Millennium Development Goals. Its landmark project is the Comprehensive Africa Agriculture Development Program, which aims to eliminate hunger and reduce poverty by increasing public investment in agriculture. The government also invests heavily in education and health. Despite these efforts, Burkina Faso is ranked as the fifth poorest country in the world. There is limited access to water, poor road conditions, and persistently high rates of malnutrition.

**Labor/Child Labor/Human Rights:** The government has made efforts to improve internationally recognized worker rights with regard to labor inspection and the worst forms of child labor. Funding has increased to build labor inspectors' capacities and provide them with better working tools. The government conducted and published a study on hazardous child labor to inform updates on existing legislation, established the National Coordination Committee for the National Action Plan on the Fight against the Worst Forms of Child Labor, and adopted a law to prohibit the sale of children, child prostitution and child pornography. Concerns remain with union member discrimination, the lack of enforcement of labor laws, the worst forms of child labor, and trafficking in persons. The government has also taken steps to reduce violence against women, including female genital mutilation, which is down 27.5 percent in the last 12 years. Burkina Faso was downgraded to the Tier 2 Watch List in the 2015 TIP report, as child labor and sex trafficking continue to occur.

**International Terrorism/U.S. National Security:** Burkina Faso remains a supporter of the United States in combatting violent extremism and terrorism.

## **BURUNDI**

**Status:** NOT Eligible for AGOA. (Terminated 2016.)

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** The short-term economic outlook is uncertain as political and social tensions threaten structural economic reforms. Unrest in the country has resulted in the suspension of streams of donor aid, which represents more than half the national budget. Corruption continues throughout police, judiciary, and tax services institutions. Privatization of state-owned enterprises has stalled, and Burundi ranks 152 out of 189 on the 2015 World Bank Doing Business indicator.

**Rule of Law/Political Pluralism/Anti-Corruption:** Burundi established a Truth and Reconciliation Commission in 2014 to address crimes committed between 1962 and 2000, but the Commission was heavily politicized and Burundian law lacks the supporting structures to allow the Commission to effectively function. The judiciary is widely perceived as a tool of the executive branch. Extra-judicial killings and pre-trial detentions continue, and opposition parties allege that the government meddles in internal party affairs. Transparency International ranked Burundi 159 out of 175 in its 2014 Corruption Perception Index.

President Obama terminated Burundi's AGOA eligibility effective January 2016 because the country failed to meet rule of law, human rights, and political pluralism eligibility criteria. Conditions in Burundi deteriorated in 2015, mostly as a result of the government's direct actions to influence the outcome of the 2015 Presidential elections. Press freedoms were severely curtailed, and tensions between the government and the media, civil society, and opposition parties grew. Indications of extrajudicial killings increased significantly in mid-2015 during the electoral campaign and evidence that elements of the government participated in the arbitrary arrest and torture of leaders of anti-government demonstrations. The government blocked opposition parties from holding organizational meetings and campaigning throughout the electoral process. Police and armed youth militias with links to the ruling party intimidated the opposition, resulting in nearly 200,000 refugees fleeing the country since April 2015.

**Poverty Reduction:** Parliament passed land reform legislation in an effort to address land tenure problems in the country. Burundi also signed on to the "Scaling Up Nutrition" initiative in 2013. However, two-thirds of the country lives below the poverty line, and Burundi ranks 180 out of 187 on the 2014 Human Development Index. Hunger and malnutrition are serious problems and health care facilities are generally overwhelmed. Burundi does have a free maternal and child health care policy. Education remains underfunded and overall quality of schooling has deteriorated.

**Labor/Child Labor/Human Rights:** The government has recognized the National Federation of Transport, Social and Informal Workers to organize informal economy workers. It also made efforts to combat trafficking in persons by passing an anti-trafficking-in-persons law and approving a national action plan for combatting trafficking in persons. It successfully prosecuted offenders for trafficking girls into domestic service. However, the government places excessive requirements on registering unions. In practice, no unions exist in the private sector and only one collective bargaining agreement exists in Burundi. Frequent political interference into union affairs and the harassment by employers for workers to join the government-controlled trade unions is common. The right to strike is limited by a series of compulsory procedures workers must follow to call a strike, which effectively authorizes the Minister of Labor to prevent all strikes. Workers and trade unions are frequently the target of police violence. With regard to trafficking in persons and child labor, Burundi did not conduct any child labor inspections during the reporting period even though there is a strong prevalence of children engaged in child labor. Human trafficking remained a huge problem and in 2015, Burundi fell to Tier 3 in the TIP report. There are reports of government torturing suspects and opposition party members, and protestors have been arrested, been tortured or disappeared. The government continues to restrict freedom of press and association. Most notably, on May 13, 2015, security forces

allegedly destroyed all major independent TV and radio broadcasters. Sexual violence and discrimination against women remain problems.

**International Terrorism/U.S. National Security:** Burundi has been a major contributor to the African Union mission in Somalia.

## CABO VERDE

**Status:** AGOA Eligible.

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** Cabo Verde's political stability, multi-party parliamentary democracy, and support for economic freedoms make it a role model in the region. The government prioritizes private sector investment as a critical engine of economic growth. Over 20 state-owned enterprises have been privatized. Procurement processes are open and transparent. More investment and development in the energy sector is needed to meet the needs of the population. Cabo Verde has copyright laws and has signed, but not ratified, intellectual property rights (IPR) treaties.

**Rule of Law/Political Pluralism/Anti-Corruption:** Cabo Verde has an independent judiciary and the constitution guarantees legal rights. The government is combatting corruption and drug-related crimes through international agreements and security sector reforms.

**Poverty Reduction:** Cabo Verde has a low percentage of its population living in poverty (26.6 percent) relative to other sub-African countries. HIV/AIDS and child mortality rates are low as well. However, inadequate housing and poor sanitary conditions still exist, especially in urban areas. About 98 percent of school-aged children complete compulsory education; the literacy rate is 88 percent.

**Labor/Child Labor/Human Rights:** The government has increased labor inspections by 18 percent. With regard to the worst forms of child labor, the government established the Children and Adolescent Committee to Prevent and Combat Sexual Abuse and Exploitation, adopted a National Action Plan for the Prevention and Eradication of Child Labor, trained labor and criminal law enforcement officials on issues related to child labor, and continued to fund projects to combat child labor. In addition, the government finalized a list of hazardous occupations and activities prohibited to children under age 18. The list is awaiting official adoption. Despite these efforts, concerns remain, particularly with regard to the worst forms of child labor and freedom of association. The government generally respects the human rights of its citizens though issues remain with poor conditions for inmates at the Central Prison of Praia.

**International Terrorism/U.S. National Security:** Cabo Verde supports U.S. national security policies, and has passed laws establishing measures against money laundering and terrorism.

## CAMEROON

**Status:** AGOA Eligible.

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** Cameroon has a BIT with the United States, which ensures national treatment for U.S. investors. Cameroon is a member of the World Intellectual Property Organization as well as several other international and regional intellectual property conventions. Despite some improvement, Cameroon's business climate remains problematic. Import of sugar and cement are banned, and intellectual property laws are not consistently enforced. Some U.S. companies have complained about tax harassment and government freezing of company bank accounts. Much of the banking sector operates without effective supervision. The business climate is poor and many business problems stem from government corruption, both in the executive branch and in the judiciary.

**Rule of Law/Political Pluralism/Anti-Corruption:** President Biya has been in power for 33 years, and the ruling party holds 80 percent of all elected offices. Corruption is pervasive and an inefficient judiciary makes prosecution of corrupt officials difficult. The government is taking steps to address corruption, including adding mechanisms for systematic payment of state contracts in an attempt to limit civil servant interference.

**Poverty Reduction:** Cameroon aims to improve living conditions through infrastructure projects. The country's goal is to develop into an emerging economy by 2035, in part, by increasing access to water, electricity, and roads. Currently, 53 percent of Cameroonians live below the poverty line and 15.7 percent are undernourished, although that is an improvement from 38.7 percent who were undernourished 20 years ago. Lack of adequate infrastructure remains the primary obstacle to growth, as transportation costs for moving goods remain very high.

**Labor/Child Labor/Human Rights:** The government has adopted a Decent Work Country Program and has approved a national gender policy and the sectoral plans necessary for its implementation. In 2015, Cameroon opened social security benefits to the informal sector, marking a significant advance in the government's effort to move social security coverage from the current 10 percent to 20 percent of workers by 2015. The government adopted a National Action Plan for forced labor and a National Plan of Action to Combat Child Labor and Trafficking in Children. The freedom of association and the right to organize are seriously inhibited in Cameroon. In December 2015, Cameroon introduced a new anti-terrorist law in response to Boko Haram. The law has been used to associate union activities with terrorist actions. The government heavily restricts workers' rights to form and join trade unions and it does not permit the creation of a union that includes public and private sector workers, or that includes multiple sectors. Laws provide prison sentences for workers who form unions and perform union activities without registration. In 2015, unions in Cameroon faced sanctions and grass roots education unions were dismantled. Workers are frequently arrested for conducting strikes. There are credible reports of hereditary servitude imposed on former slaves in some chiefdoms in Cameroon. The national plan of action for forced labor adopted in 2014 has yet to receive a budget and is therefore not operational.

**International Terrorism/U.S. National Security:** The government cooperates with the United States on issues pertaining to counterterrorism and transnational crime, and Cameroon has taken measures to reduce incidents of piracy in the Gulf of Guinea.

## CENTRAL AFRICAN REPUBLIC (CAR)

**Status:** NOT AGOA Eligible. (Terminated in 2004.)

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** CAR is conflict-torn, landlocked, and the third poorest country in the world in terms of GDP. CAR has a weak state apparatus incapable of collecting enough taxes to cover its obligations.

**Political Reforms/Rule of Law/Anti-Corruption:** In December 2015, CAR held relatively peaceful national elections and a former prime minister, Faustin Archange Touadera, was elected in a run-off vote in February 2016. CAR is still a weak state with porous borders, and it ranks 150 out of 175 on Transparency International's 2014 Corruption Perceptions Index.

**Poverty Reduction:** The state is incapable of producing the basic public goods necessary for human wellbeing and development.

**Labor/Child Labor/Human Rights:** A cease-fire agreement between armed groups was signed in July 2015, and the government began drafting a disarmament, demobilization, and reintegration (DDR) strategy with the support of the UN and other international partners. The strategy has yet to be fully implemented. The Lord's Resistance Army (LRA), a Ugandan rebel group that operates in eastern regions of the CAR, continues to enslave Central African, South Sudanese, Congolese, and Ugandan boys and girls for use as cooks, porters, concubines, and combatants. The LRA also committed abductions, forced girls into marriages, and forced children to commit atrocities such as looting and burning villages, killing village residents, and abducting or killing other children.

## CHAD

**Status:** AGOA Eligible.

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** Chad's formal economy is market-based, and the government welcomes foreign direct investment. The government has focused on diversifying the economy through agriculture, livestock, and minerals. In March, Chad signed an agreement with neighbor Cameroon to address transportation and customs issues. Revenues fell short of projections in 2015. The government has accumulated arrears, including civil servant salaries, and has sought to address this issue through internal debt financing as well as external budget support. Limited infrastructure, high corporate and import tax, and lack of skilled labor, among other factors, led to Chad being ranked near the bottom of the World Bank's 2015 Ease of Doing Business Report.

**Rule of Law/Political Pluralism/Anti-Corruption:** Chad had a long period of political stability, and is making efforts to professionalize its armed security forces, including through training from the United States. The government is attempting to promote transparency by joining the African Peer Review Mechanism and is working with the World Bank and the IMF to develop mechanisms to limit corruption. Chad lacks a legal framework for investigating and prosecuting suspected terrorists, and many Boko Haram suspects face no charges. Police violence towards non-violent protesters and government and business corruption remain problems.

**Poverty Reduction:** Despite large amounts of government spending on health, education, food security, and infrastructure, Chad remains one of the poorest countries in the world, ranked 184 of 187 on the 2014 Human Development Index. An estimated 62 percent of the population lives in extreme poverty. The country struggles with high rates of illiteracy, malaria and tuberculosis, and high rates of maternal and infant mortality are obstacles to development.

**Labor/Child Labor/Human Rights:** The government issued a regulation that criminalized the recruitment and use of children in armed conflict and signed a protocol with the UN that includes protections for children associated with armed groups. The government also conducted a field assessment and investigation to identify and map trafficking-in-persons circuits, identifying source, destination and transit regions within the country. Laws permit imprisonment with hard labor as punishment for participation in illegal strikes, and freedom of the press is sometimes not respected.

**International Terrorism/U.S. National Security:** Chad is a committed partner of the United States in the fight against terrorism, and in 2015 it hosted the Lake Chad Basin Multinational Joint Task Force. The government reacted aggressively to security concerns posed by Boko Haram by instituting civilian security measures. Poor border security, limited law enforcement, and an influx of weapons from neighboring countries are ongoing concerns. An anti-terrorism law was adopted in July 2015, following attacks in the capital.

## COMOROS

**Status: AGOA Eligible.**

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** Comoros' main exports – cloves, ylang-ylang, and vanilla - are MFN duty-free and the country is not a significant user of AGOA. Comoros suffers from geographic isolation, a small domestic market, and a shortage of fertile land. The economy is heavily dependent on remittances from some 300,000 Comorians living abroad. Comoros' economy is also hampered by government ownership of economic assets, and lack of resources, infrastructure, and skilled workers. The government is making efforts to privatize the telecommunications sector, and should see a rise in foreign direct investment and tourism if political stability continues. Government moves to privatize state-owned assets have faced resistance. Comoros continued to subsidize electricity and petrol, and fell into payment arrears to civil servants.

**Rule of Law/Political Plurality/Anti-Corruption:** Comoros is a parliamentary democracy in which the power of the presidency rotates among the three islands. Elections are considered fair and transparent, and the National Assembly ratified the African Charter on Democracy, Elections and Governance. During the time of this AGOA review, the Presidential rotation was disputed because of constitutional vagueness as to which island leadership should go next.

**Poverty Reduction:** Provisions of public services for Comorians largely come from remittances from citizens living abroad, or from assistance from UN agencies, NGOs, and bilateral donors. Employment opportunities are minimal, and many citizens attempt to make the hazardous ocean voyage to Mayotte in small, unsafe boats in search of economic opportunity. An estimated 2,000 to 3,000 people are lost at sea every year in the attempt.

**Labor/Child Labor/Human Rights:** The government approved the Law to Combat Child Labor and Trafficking, strengthened penalties for child labor and child trafficking and provided legal protection and social assistance to victims of the worst forms of child labor and child trafficking. The government also expanded child and trafficking protection services in its police department to two new geographical areas where the majority of human trafficking cases reportedly occur. Concerns remain with freedom of association, right to organize, trafficking in persons and the worst forms of child labor. Police violence against protesters has resulted in shootings, and many protesters have been jailed without charge.

**International Terrorism/U.S. National Security:** Comoros works with the United States on counter-terrorism and security. However, sale by Comoros of Economic Citizenship Passports to the government of the United Arab Emirates for distribution to stateless residents, and a plan to sell additional passports to Kuwait, are a significant security concern.

## REPUBLIC OF CONGO (ROC)

**Status:** AGOA Eligible.

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** ROC is a member of the Central African Monetary Community and adheres to regional financial rules. Lack of infrastructure and transparency remain the greatest barriers to trade and economic growth. Government officials make nearly all decisions related to foreign investment, and ROC is ranked 178 out of 189 in the World Bank's 2015 Doing Business ranking. Businesses face unevenly applied regulations on taxes, exporting, and contract enforcement, and established American businesses operating in ROC have encountered obstacles. There is a lack of checks and balances within the budget process, giving the President a great deal of discretion over spending. Infrastructure projects aimed at improving the economy have languished for years.

**Rule of Law/Political Plurality/Anti-Corruption:** There is no political plurality in ROC, as President Denis Sassou N'Guesso and his party have been in power for all but 5 years since 1979. The 2012 legislative and 2014 local elections had an estimated 5-15 percent voter participation rate. During the time of the AGOA review, Sassou was constitutionally ineligible to run for a third term in 2016. Following intense debate regarding changing the constitution via

referendum to allow him to run, a new constitution that does not include age or term limits was adopted in an October 2015 referendum. Transparency International ranks ROC 152 out of 175 on its 2014 Corruption Perception Index.

**Poverty Reduction:** The government has stuck to its 2012 five-year development plan. In 2014 and 2015 new programs related to electricity, water, and urban development were added. The ROC has sought to promote employment by developing Special Economic Zones that will strengthen technical and vocational education. Gains in poverty reduction have not taken place, however. Lack of employment and social mobility, as well as an underfunded public school system are major problems. Government policies on tax and land tenure have stymied job creation by private enterprises, and there is virtually no middle class. Malaria and cholera have heavily affected the poorest and most rural communities.

**Labor/Child Labor/ Human Rights:** The government launched the National Action Plan to Fight Against Trafficking in Persons and has started to implement a social safety net program to improve access to health and education services for poor families. Respect for freedom of association has improved, though union members were subjected to arbitrary arrest and intimidation. Human rights concerns persist in the form of infringement on privacy rights, restrictions on the right of citizens to change their government peacefully, and discrimination against women.

**International Terrorism/U.S. National Security:** The ROC is a strong supporter of anti-terrorism efforts, and military cooperation with the United States increased in 2014. The government is a strong promoter of regional security and have sent many peacekeepers to the UN mission in the Central African Republic.

## COTE D'IVOIRE

**Status:** AGOA Eligible.

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** Cote d'Ivoire has a free-market economy, and financial and capital markets are open and continue to attract domestic, regional, and international capital. The government has added incentives for domestic investment, and created a business facilitation center to help new and/or small businesses. Reforms in the cocoa sector guarantee better revenues for farmers and encourage investments. Reforms are also underway in the cotton and cashew sectors. Cote d'Ivoire is ranked 115 out of 175 in Transparency International's 2014 Corruption perceptions index, an improvement from 136 in 2013. Many firms still see corruption as a major obstacle to doing business, especially in regards to government procurement, judicial proceedings, and customs and tax bureaucracies.

**Political Reform/Rule of Law/Anti-Corruption:** Cote d'Ivoire has held democratic elections since the 2010 elections crisis. The government established a Disarmament, Demobilization, and Reintegration program to reintegrate about 64,000 ex-combatants before June 2015. As of June 30, 2015, approximately 58,216 ex-combatants have gone through the program. The Ministry of Economy and Finance began implementing reforms in 2015 that included increased training for

tax and customs agents. The goal is to improve transparency and reduce corruption and the IMF has reported improvements. The government depends heavily on the military to provide security functions that would traditionally belong to law enforcement entities.

**Poverty Reduction:** The government has increased spending on reconstruction and emergency employment programs, as well as health and education, including \$1 billion for compulsory primary education beginning in the 2015-2016 school year. However, Cote d'Ivoire still ranks low on the Human Development Index, at 171 in 2014. Significant numbers of children in cocoa-farming regions do not have access to schooling.

**Labor/Child Labor/Human Rights:** The government included a child labor sub-survey in its national labor survey, issued a decree to implement the Trafficking and Worst Forms of Child Labor Law that was adopted in 2010, and adopted a National Policy Document on Child Protection. The government also established a National Committee for the Fight Against Trafficking in Persons and continued to support activities under the National Action Plan Against Trafficking, Exploitation, and Child Labor. In May 2015, the President announced that civil servants' salaries will increase after more than two decades of stagnant pay. While labor unions are legal in Cote d'Ivoire, most workers operate in the informal sector, and are vulnerable to exploitation. Concerns remain with regard to freedom of association, right to organize, worst forms of child labor, and trafficking in persons. Discrimination and violence against women goes unreported and unpunished. Female genital mutilation is still practiced in the western and northern regions of the country.

**International Terrorism/U.S. National Security:** Cote d'Ivoire cooperates with regional and international security organizations to share information, and is actively engaged in preventing the expansion of terrorist activities or networks in the region.

## **DEMOCRATIC REPUBLIC OF THE CONGO (DRC)**

**Status:** NOT AGOA eligible. (Terminated 2011.)

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** Although the government has taken steps to reduce impediments to foreign investment, the DRC ranks 184 of 189 in the World Bank's Doing Business 2015 Index. The DRC's biggest economic asset is its mining sector, which accounts for about 85 percent of export revenues and 20 percent of GDP. The economy remains heavily dollarized, and the Central Bank maintains dangerously low levels of foreign exchange reserves.

**Rule of Law/Political Pluralism/Anti-Corruption:** A free and fair presidential election in 2016 will be an important consideration in determining the DRC's AGOA eligibility status going forward. Corruption is deeply ingrained in both public resource management and business, but the DRC has improved its ranking in Transparency International's Corruption Perception index from 168 to 154 out of 175.

**Poverty Reduction:** Approximately 70 percent of the population lives in poverty. Approximately 25 percent of the children are malnourished and the DRC is unlikely to meet any of the Millennium Development Goals. In 2015, authorities introduced the second generation of the Growth and Poverty Reduction Strategy, which focuses on unifying macroeconomic policy and budget planning to make economic growth more inclusive, especially by increasing employment opportunities.

**Labor/Child Labor/Human Rights:** The government took steps to implement a UN-backed action plan to end the recruitment and use of child soldiers, including by convening national and provincial working groups, appointing a presidential adviser on sexual violence and child recruitment, and arresting several individuals on charges of recruiting and using child soldiers. Concerns remain with freedom of association, the worst forms of child labor, and trafficking in persons. According to the Department of Labor, some of the DRC's main exports, including cassiterite, coltan, gold, and wolframite are being produced with child labor.

## DJIBOUTI

**Status:** AGOA Eligible.

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** The government welcomes foreign investment and there are no restrictions on movement of capital. Inflation is steady at three percent due to the stabilization of international food prices and a peg to the U.S. dollar which Djibouti has maintained since independence in 1977. In July 2015, the government approved measures to liberalize the production of energy, which was previously a monopoly. However, in 2014, fuel imports were nationalized, creating a new state monopoly. Price controls remain on several key food commodities. Availability of credit and utilization of banking services are low. Djibouti ranks 171 out of 189 on the 2014 World Bank Doing Business Index, the most recent Bank report.

**Rule of Law/Political Pluralism/Anti-Corruption:** The constitution and penal code provide for an independent judiciary and due process, though authorities did not always respect constitutional provisions for a fair trial. Djibouti's constitution prohibits discrimination on the basis of race, gender, or language. Djibouti is a republic with a strong elected president and a weak legislature. Legislative elections in 2013 included participation by opposition parties for the first time in 10 years, but the opposition rejected the vote as flawed, and disputes over official results fueled months of protest. In 2010, the National Assembly amended the constitution to remove term limits, facilitating the re-election of President Ismail Omar Guelleh in 2011 and 2016 for a third and fourth term in office respectively. In the lead-up to the 2016 presidential elections, opposition party candidates generally campaigned freely, and the government-controlled media dedicated coverage to all campaigns.

**Poverty Reduction:** Djibouti has made significant strides in reducing maternal mortality rates. Since 1999, the Ministry of National Education and Professional Training has embarked on ambitious education reforms that have led to an increase in the Gross Enrollment Rate to 78.5

percent. The government of Djibouti met its commitment to allocate 20 percent of the national budget to the education sector in 2013 and 2014 in order to meet the Millennium Development Goals in 2015. Despite the success with access indicators, the quality of education has lagged, demonstrated by children's low achievement rates in core subjects, weak institutional system, and poor teachers' performance. There is a significant dropout rate; many children do not complete primary school.

In June 2015, as part of an effort to reduce poverty, the government signed a labor pact with the Saudi government which will allow Djiboutian citizens to work in Saudi Arabia. Djibouti ranks 168 out of 187 on the 2015 Human Development Index. This low ranking is due primarily to high unemployment, the poor quality of schooling, and lack of access to potable water. An estimated 42 percent of the population lives in extreme poverty.

**Labor/Child Labor/Human Rights:** Combatting trafficking in persons has been an area of focus and commitment for the government, which passed a law in 2016 giving the judicial system the tools it needs to prosecute traffickers. The government is pursuing additional training for law enforcement and judicial officials to familiarize them with the new law. With the support of multilateral organizations, the Djiboutian government has provided social services to children at risk for child labor, including migrants. The Government has made minimal efforts to combat the worst forms of child labor and significant gaps to address the worst forms of child labor remain in the legal framework, including a minimum age for hazardous work. The government has significant control over union registration, finances, and participation in the negotiation process. Two independent labor unions have not been recognized by the government or allowed to register as official labor unions. It is difficult to form unions in economic Free Zones and the regulatory framework governing labor in Free Zones is weak. Workers who participate in illegal strikes can be arrested, and permission to strike is rarely granted. Female genital mutilation has been illegal since 1995, but the prevalence rate remains high at 78 percent among female Djiboutians as of 2012. Djibouti has pursued a government-wide approach to fighting female genital mutilation and has worked with UN organizations, NGOs, and local civil society groups.

**International Terrorism/U.S. National Security:** Djibouti hosts the only enduring U.S. military presence in Africa, and plays a critical role in supporting U.S. security interests in the region. Djibouti fully cooperates with U.S. and allied forces on counterterrorism, and supports U.S. public diplomacy efforts aimed at combating violent extremism. Djibouti is also the main hub for international efforts to maintain maritime security off the coast of Somalia.

## ERITREA

**Status:** NOT AGOA Eligible. (Terminated in 2004.)

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** Investment from China has helped to grow Eritrea's mining industry, and investment flows are continuing.

However, Eritrea ranks last at 189 out of 189 in the World Bank's 2015 Doing Business Index. The government diverts much of the nation's resources away from productive industries and into the military.

**Rule of Law/Political Pluralism/Anti-Corruption:** Eritrea has been under UN embargo since 2009 over concerns that the government was funding and arming Al-Shabaab in Somalia. The country ranks 166 out of 175 in Transparency International's 2014 Corruption Perceptions Index. Eritrea also ranked 182 out of 187 in the 2013 Human Development Index. The country does not have a publicly available poverty reduction strategy.

**International Terrorism/U.S. National Security:** Eritrea reportedly funded and armed the Al-Shabaab terrorist group in Somalia in the past. Recent reports from the Somalia-Eritrea Monitoring Group (SEMG) found no evidence of ongoing support to al-Shabaab; however, SEMG experts have not been granted access to Eritrea to conduct a full investigation.

## ETHIOPIA

**Status:** AGOA Eligible.

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** The government has adopted a state-led development approach, particularly through manufacturing and large scale-commercial farming. Ethiopia has comparatively low levels of corruption and crime coupled with high degrees of stability and security. These factors make the country increasingly attractive to U.S. investors. As of April 2014, about 1,910 U.S. investment projects were registered with the Ethiopian Investment Agency. However, lack of market liberalization remains a problem. The government claims to be committed to privatization, but at its own pace. Meanwhile, the government has launched new enterprises and old state-owned enterprises continue to take on significant amounts of concessional debt. Financial services and telecommunications sectors are closed to foreign investment, and Ethiopia needs to take further steps to open its market and complete its accession to the WTO. In 2015, Ethiopia revised its biosafety laws to permit the cultivation of genetically-engineered crops, which could positively affect U.S. agricultural exports to the country.

**Rule of Law/Political Pluralism/Anti-Corruption:** The ruling Ethiopian Peoples' Revolutionary Democratic Front (EPRDF) controls all executive elements of government. EPRDF and affiliate political organizations won all 547 seats in Parliament in the May 2015 general elections. The EPRDF's electoral advantages limit the right of citizens to change their government peacefully. Ethiopia is considered "Not Free" in Freedom House's "Freedom in the World Index" in 2015. The government does not fully protect citizens' rights enshrined in the constitution, most significantly the freedom of expression and association, and the freedom of the press. The judiciary is overburdened and subject to influence by the executive branch. Nevertheless, Ethiopia is one of the least corrupt countries in sub-Saharan Africa, ranked 103 out of 168 in the 2015 Corruption Perceptions Index.

**Poverty Reduction:** The government implements the Productive Safety Net Program to decrease the country's dependency on humanitarian assistance and improve the food security of the most vulnerable populations. The program has achieved positive results by increasing beneficiaries' food security, resilience to shocks, and sustainable natural resource improvements, including reducing beneficiaries' food gap by nearly half since 2006. The Food Security Program links farmers to markets and delivers micro-credit to diversify income sources and increase the productive base of households. The ongoing El-Niño-related drought, the worst in 50 years, has threatened the positive steps toward alleviating poverty and food security, pushing millions of people back into hunger, poverty and dependence on foreign aid. About 26 percent of Ethiopians still live in poverty, and only 57 percent have regular access to potable water.

**Labor/Child Labor/Human Rights:** The Ethiopian people and government were devastated by the ISIS murder of 20 citizens in Libya in April 2015 and by the continuing deaths of aspiring migrants in the sinking of boats on the Mediterranean. The government has committed to tighten up anti-trafficking provisions to protect their people. In 2015, the government enacted a comprehensive anti-trafficking law, which overhauls existing legislation to define and punish trafficking offenses and to enact measures to support victims of trafficking. It also passed a revised overseas employment proclamation, which, when fully implemented, would penalize illegal recruitment, improve oversight of overseas recruitment agencies, and extend greater protections to potential victims. Ethiopia remains a Tier 2 Country in the TIP Report, as its capacity to investigate and prosecute trafficking crimes remains weak. Trafficking of young women to the Middle East as domestic employees remains a problem.

The government ratified the UN Convention on the Rights of the Child (CRC) Optional Protocol on Armed Conflict and the UN CRC Optional Protocol on the Sale of Children, Child Prostitution and Child Pornography. It also made a number of improvements in labor law enforcement. While the law allows for the formation of unions, in practice, the government encourages government/employer-controlled unions. Currently, two-thirds of union members in Ethiopia belong to organizations affiliated with the government-controlled Confederation of Ethiopian Trade Unions. Anti-union discrimination is common in Ethiopia and employers frequently terminate workers in large numbers for union activities. The law specifically prohibits managerial employees, teachers, health-care workers, judges, prosecutors, security service workers, domestic workers, and seasonal and part-time agricultural workers from organizing unions. Legislation includes detailed provisions that make legal strike actions difficult to carry out.

**International Terrorism/U.S. National Security:** Ethiopia plays a crucial role in stabilizing the volatile Horn of Africa Region, confronting the al-Shabaab terrorist organization in Somalia and helping mitigate conflict between Sudan and South Sudan and within South Sudan.

## GABON

**Status:** AGOA Eligible.

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** The restructuring of public enterprises is ongoing and the percentage of government contracts open for competitive bidding has increased. The non-oil economy has seen robust growth, particularly in the mining, wood processing, and construction sectors. Gabon's burdensome regulatory environment hampers foreign investment.

**Rule of Law/Political Plurality/Anti-Corruption:** Since his election in 2009, President Ali Bongo Ondimba has tried to reduce corruption by arresting several high profile officials and conducting an audit of all government ministries. Gabon is ranked 94 out of 175 in Transparency International's 2014 Corruption Perceptions Index. There is little political plurality in Gabon, as the ruling party has dominated all levels of politics since the 1960s. There are currently only three opposition deputies in the 120-member National Assembly.

**Poverty Reduction:** In January 2014, President Bongo Ondimba highlighted the sobering results of a study on poverty he commissioned and announced a new "war on poverty" that would include social programs with a budget of CFA 250 billion. The "Emerging Gabon" strategy aims to make Gabon ecologically greener, to develop processing of primary materials and the export of high value-added products, and to develop the workforce into a regional leader in financial services. Gabon has one of sub-Saharan Africa's highest per capita incomes, but life expectancy, 52.06 years, and other social indicators are lower than what income would suggest. The cost of doing business and of living is very high, and the middle class struggles to keep up.

**Labor/Child Labor/Human Rights:** The government ratified the UN CRC Optional Protocol on a Communications Procedure, which allows children to bring complaints to the UN Committee on the Rights of the Child when their rights have been violated. It also completed a Rapid Situational Analysis on Child Domestic Work and launched a program to provide birth certificates to 20,000 Gabonese citizens without birth certificates. Concerns remain particularly with regard to the right to organize, acceptable conditions of work, trafficking in persons, and the worst forms of child labor. Prisons are overcrowded and conditions are harsh. Domestic and gender-based violence is prevalent.

**International Terrorism/U.S. National Security:** Gabon is supportive of U.S. national security and foreign policy interests, and U.S.-Gabonese bilateral security cooperation is strong and growing. Libreville is home to one of three Cooperative Security Locations in Africa to be used as a regional evacuation planning and operations center for Department of Defense protection of U.S. personnel and facilities.

## THE GAMBIA

**Status: Not AGOA Eligible. (Terminated 2015.)**

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** The government owns and operates many key economic sectors, including public utilities, the airport, and the seaport. The IMF cancelled a three-year Extended Credit Facility in March 2015 due to the direction government policies had taken.

**Rule of Law/Political Pluralism/Anti-Corruption:** The government has worked with donors to implement an integrated financial management information system to improve public financial management and budget control. The Gambia's November 2011 presidential election was condemned by ECOWAS, which reported that the election was conducted under a "climate of fear." Opposition parties remain weak and divided. The government generally does not effectively enforce its laws, including as they pertain to child labor.

**Poverty Reduction:** The Gambia's Program for Accelerated Growth and Employment focuses on building infrastructure, investments in human capital, and improving governance. Infrastructure projects have proceeded rapidly due to significant international donor support, but other aspects of the program face difficulties under the country's current budget restraints. The Gambia has one of the highest child immunization rates in Africa, and school enrollment has increased to over 97 percent. A high population growth rate and rising food and utility prices have hampered the positive effects of economic expansion, and a majority of Gambians rely on remittance payments from relatives and friends abroad.

**Labor/Child Labor/Human Rights:** The government provided a conditional cash transfer to marabouts to support discontinuing their practice of forcing their students to beg in the streets. The government installed an electronic billboard at Banjul International Airport to warn visitors of the penalties of engaging in child sex tourism and held five seminars on child sex tourism for 190 law enforcement officers, tourism industry operators, and members of the public. Concerns remain regarding forced labor, trafficking in persons, and the worst forms of child labor. The Gambia is a source and destination country for women and children subjected to forced labor and sex trafficking, and the government is not making significant efforts to comply with the minimum standards for the elimination of trafficking.

## GHANA

**Status: AGOA Eligible.**

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** Ghana has a market-based economy with few policy barriers to trade and investment relative to other countries in the region. In 2015, the IMF noted progress in Ghana's efforts to meet goals for fiscal consolidation and structural reforms, in particular in enhancing public finance management and transparency. Ghana has deregulated pricing for petroleum products, removing what was once a costly subsidy and major liability for government spending. In 2015, Ghana struggled

with a major power crisis, which hurt every industry in the country. Ghana's infrastructure cannot support more rapid development, and U.S. firms have expressed concerns about the lack of transparency in government procurement.

**Rule of Law/Political Pluralism/Anti-Corruption:** The government has pledged its commitment to ensuring the rule of law, and has passed anticorruption legislation, including public procurement, audit, financial, and whistleblower laws. The government worked to make its courts more efficient by establishing a commercial court and automating High Courts authorized to hear cases involving banks, investors, human rights, electoral petitions, and government revenue. The judicial system remains slow and bureaucratic, however, and prolonged pre-trial detention is a problem. Some 22 circuit- and high-court judges were dismissed in 2015-16 after an investigative journalist exposed a major bribery scandal. Corruption – from high-level fraud to police bribes and bureaucrats' solicitation of "tips" or "expediting fees" for routine administrative work – continues to be a problem.

**Poverty Reduction:** The Ghana Shared Growth and Development Agenda aims to restore macroeconomic stability while maintaining growth to accelerate progress toward achievement of the Millennium Development Goals. The percentage of people living in extreme poverty has decreased significantly from about 36.5 percent in 1991 to about 8.4 percent in 2013. Significant levels of poverty exist in rural areas, and regional economic disparity is strong between the northern and southern sections of the country. Malaria continues to be a problem, and is the leading cause of death in children under 5 years of age.

**Labor/Child Labor/Human Rights:** In 2015, Ghana signed a Child Protection Compact Partnership with the Department of State. The Partnership is a multi-year plan aimed at bolstering efforts of the Government of Ghana and Ghanaian civil society to address child sex trafficking and forced child labor within Ghana, facilitating the award of up to \$5 million in U.S. foreign assistance. Concerns remain regarding the worst forms of child labor and forced labor. Ghana continues to be a source, transit, and destination country for men, women, and children subjected to forced labor and sex trafficking, and the Department of State's 2015 Trafficking In Persons report downgraded Ghana to Tier 2 Watch List for the first time since 2009. Violence against women continues to be a problem.

**International Terrorism/U.S. National Security:** Ghana and the United States are partners in the fight against terrorism. The government has made some efforts to address financial corruption through anti-money laundering legislation, but implementation and prosecution have been slow. Ghana's porous land and sea borders make it vulnerable to the trafficking of weapons, narcotics, and people.

## GUINEA

**Status:** AGOA Eligible.

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** The return of political stability has brought renewed interest from the private sector, but an enduring legacy of corruption, inefficiency, and lack of transparency undermines Guinea's economic viability. The Ebola crisis of 2014 stunted GDP growth and delayed major investment projects. The National Assembly passed a new investment code in June 2015 to better protect international and national investors and strengthen transparency and legal protections. There is much interest in Guinea's mining sector, and the completion of the Simandou Iron Ore Project is expected to create 45,000 jobs. Guinea lacks the infrastructure necessary to support advanced commercial activities, and it is ranked 169 out of 189 in the World Bank's 2015 "Ease of Doing Business" index. Enforcement of intellectual property rights is weak.

**Rule of Law/Political Pluralism/Anti-Corruption:** After more than 50 years of authoritarian rule, Guinea had a democratic presidential election in 2010 and 2015. Rule of law and due process remain severely weak. Corruption continues to be a major issue and a small number of government officials and elite businessmen control the majority of economic activity.

**Poverty Reduction:** The Guinean Poverty Reduction Strategy devotes attention to governance, security sector reform, peace consolidation, and judiciary review. The 2013 World Bank Country Assistance Strategy focuses on strengthening government provision of services and opportunities. In 2012, 55.2 percent of Guineans lived in poverty, and in 2013 Guinea ranked 179 out of 187 in the UN's Human Development Index. The Ebola outbreak hit the economy hard and the government may have to reduce social spending over the short and medium term. Guinea has adopted a national policy for the promotion of jobs for development and poverty reduction, and aims to improve access to employment for women.

**Labor/Child Labor/Human Rights:** Guinea's transitional legislature approved a new labor code that includes measures defining and outlawing the worst forms of child labor. It also outlaws sexual harassment in the workplace and discrimination based on sex, ethnicity, or disability. The new labor code also strengthens and defines rules governing unions, collective bargaining, and the right to strike. Guinea has adopted a national policy framework document for the promotion of employment for development and poverty reduction, combined with an action plan which aims to improve access to employment for women. A "gender and equity" division has been created within the Ministry of Social Affairs and "gender and equity" units have been established in all ministerial departments with the aim of improving women's financial independence. Concerns remain regarding trafficking in persons, debt bondage, and acceptable conditions of work.

**International Terrorism/U.S. National Security:** Guinea is a majority Muslim country with no record of extremism. The government is a firm supporter of U.S. efforts to combat international terrorism.

## GUINEA-BISSAU

**Status:** AGOA Eligible.

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** Generally, Guinea-Bissau maintains market-based economic policies with few restrictions on private investment. Several companies, including a U.S.-owned firm, are pursuing mining projects that could contribute to economic growth. Guinea-Bissau has one of the world's weakest economies; infrastructure is poor and operating a business is challenging. A weak financial system, lack of transparency, and poor access to credit all limit development.

**Rule of Law/Political Pluralism/Anti-Corruption:** Guinea-Bissau was reinstated to AGOA in 2015 after it made strides in restoring rule of law and political pluralism. Since August 2015, the President of Guinea-Bissau has dismissed two prime ministers and their governments, but the country has continued to operate within the framework of its constitution. Despite weak governance, the country has moved toward a democratic political system that allows opposition parties to operate openly. Corruption is pervasive and the country remains vulnerable to organized crime and drug smuggling.

**Poverty Reduction:** The withdrawal of donor support following the 2012 coup was a huge obstacle to development, and two out of three Guineans live below the poverty line. Over 47 percent of adults are illiterate. Some success has been achieved in increasing school enrollment rates and reducing child and maternal mortality.

**Labor/Child Labor/Human Rights:** The government ratified the UN CRC Optional Protocol on Armed Conflict and participated in social programs that target child labor. Guinea-Bissau has also established four target areas to combat child labor in coordination with the community of Portuguese speaking countries. These include the exchange of information and experiences, awareness-raising campaigns, use of statistical methodologies to collect child labor data, and technical cooperation and training. Concerns remain regarding the worst forms of child labor. Religious freedom is legally protected and usually respected. Female genital mutilation is still practiced despite laws against it; 2014 saw the first successful prosecution of a case against female genital mutilation. Generally, women face significant traditional and societal discrimination.

**International Terrorism/U.S. National Security:** Guinea-Bissau has been a vocal supporter of U.S. anti-terrorism actions, and does not engage in activities that undermine U.S. national security interests. However, reform within security services has been impeded by a lack of basic training, and Guinea-Bissau's political instability has created a favorable environment for terrorists to seek refuge.

## KENYA

**Status:** AGOA Eligible.

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** Kenya is the largest economy in East Africa, with a comparatively open trade regime. Since 2013, the government has moved forward on implementing economic reform and improving the business climate, with positive results. In particular, enactment in 2015 of the Companies Act, the Insolvency Act, and the Business Registration Service Act have significantly improved the business climate, with Kenya jumping 21 places in the World Bank's Ease of Doing Business report in 2015. However, Kenya bans genetically-engineered products and continues to enforce long-standing discretionary import licensing on U.S. poultry and red meat. Issues with infrastructure, crime, security, terrorism, energy costs, and corruption remain deterrents to investment. Kenya has introduced measures to increase Kenyans' access to credit and has launched an online portal for registration of new companies in order to increase corporate transparency and increase efficiency.

**Rule of Law/Political Pluralism/Anti-Corruption:** A new Code of Governance for State Corporations was announced in 2015. During President Obama's visit in July 2015, the two countries announced a 29-paragraph "Joint Commitment on Good Governance and Anti-Corruption Activities," outlining cooperative action aimed at institutionalizing accountability in government, using technology to reduce corruption, implementing international standards, and strengthening anti-corruption enforcement. The Kenyan government announced additional measures to curb corruption in November 2015. Also in late 2015, a review under the UN Convention Against Corruption, to which Kenya is a signatory, concluded that Kenya's legal framework is adequate to fight corruption, but urged better implementation and enforcement of anti-corruption laws. Kenya was removed from the Financial Action Task Force's Watch List in 2014. While there has been progress, much work still remains. Kenya ranked 139 out of 168 countries in Transparency International's 2014 Corruption Perceptions Index.

**Poverty Reduction:** In May 2015, the government announced a 12 percent increase in the minimum wage for unskilled workers, domestic workers, artisans and craftsmen. The proposed textile city in the Athi River Export Processing Zone is expected to attract numerous apparel investments. The government has launched the Uwezo fund to expand access to credit and promote youth and women entrepreneurship. Kenya is highly dependent on rain-fed crops and is vulnerable to drought-related conflicts, leading to periodic food shortages and malnutrition.

**Labor/Child Labor/Human Rights:** The government made a moderate advancement in efforts to eliminate the worst forms of child labor. It improved coordination efforts to address child labor and trafficking in persons, conducted a trafficking in persons survey, and put into effect its List of Hazardous Occupations Prohibited to Children. It also participated in several programs to combat the worst forms of child labor. The government also raised the minimum wage for domestic workers, awarded teachers a 50-60 per cent pay raise, provided an expiry date for teachers and their employer to sign a collective bargaining agreement, and designated courts presided over by senior magistrates or higher ranking courts to hear special employment and labor cases. Concerns remain regarding labor rights in the EPZs, the right to organize, and the

worst forms of child labor. Kenya remains at Tier 2 in the TIP.

**International Terrorism/U.S. National Security:** Kenya actively supports efforts to counter violent extremism. Kenya cooperates closely with the United States in promoting peace and stability in neighboring South Sudan and Somalia. Kenya is one of six African countries participating in President Obama's Security Governance Initiative to promote institutional reform and enhance oversight of security agencies. However, the security situation along the Kenya-Somalia border remains volatile. In response to Kenyan intervention in Somalia, terrorists have in prior years conducted retaliatory attacks against Kenyan targets.

## LESOTHO

**Status: AGOA Eligible.**

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** The government limits its intervention in the market and subsidies and price controls are rarely used. Lesotho maintains a favorable tax environment for the export sector. Lesotho is open to foreign direct investment, though the process for investing lacks transparency. Difficulties exist in registering property, obtaining credit, and trading across borders. High transaction costs and infrastructure bottlenecks constrain the expansion of manufacturing, and security concerns stymied economic growth in 2015.

**Rule of Law/Political Pluralism/Anti-Corruption:** Political unrest and violence between the military and police in Lesotho on August 30, 2014 resulted in then-Prime Minister Thabane fleeing the country and led to intervention by the Southern African Development Community (SADC) and snap elections on February 28, 2015. Former Prime Minister Mosisili returned to power in that election and he reinstated the former commander of the Lesotho Defense Force (LDF) who had precipitated the August violence. On May 27, 2015, the State Department issued a statement highlighting concerns that no one has been held accountable for the August 2014 violence. The government's decision to reinstate the polarizing former LDF commander has been destabilizing, as have reports of kidnappings and abuse within the LDF, the murder of a prominent supporter of the major opposition party, and the failure to provide for the security of the former prime minister. In December 2015, the Millennium Challenge Corporation (MCC) Board voted to defer reselection of Lesotho's compact eligibility for fiscal year 2016. MCC informed the government of Lesotho that it would delay the development of a new compact until the country took actions to demonstrate clear civilian control over the military, respect for legal due process, and continued security sector reform.

**Poverty Reduction:** The fight against poverty remains at the top of the government's policy agenda and is reflected in budgetary allocations. Primary education is free and compulsory, and the government provides scholarships for orphaned and vulnerable children to attend secondary school. However, the government is slow to implement its strategies and policies to reduce poverty. Lesotho failed to meet health-related Millennium Development Goals, specifically reducing child mortality and improving maternal health.

**Labor/Child Labor/Human Rights:** The government passed the National Action Plan for the Elimination of Child Labor and the Ministry of Labor and Employment disseminated new guidelines on the protection of children engaged in herding and other hazardous work. It also provided garment workers with four additional weeks of maternity leave. Concerns remain over restrictions to freedom of association. Most concerns regarding human rights in Lesotho stem from the LDF violence.

**International Terrorism/U.S. National Security:** Lesotho has ratified most of the UN counterterrorism conventions and protocols. Lesotho has passed anti-money laundering legislation which enables citizens and financial institutions to report suspicious activity to law enforcement.

## LIBERIA

**Status: AGOA Eligible.**

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** The Ebola outbreak in 2014 undermined Liberia's already fragile post-war economic recovery. The economic impact of the Ebola crisis was compounded by a steep decline in prices for rubber and iron ore, the country's main exports. The business climate remains challenging. High operating costs and poor infrastructure impact competitiveness, and the Ebola crisis weakened the government's capacity to generate needed revenues. The economy remains heavily dependent on donor funds and international NGOs. There are restrictions on the rights of non-Liberians to own land, and certain business activities are restricted to Liberians, a policy that discourages long-term investment by foreign-owned businesses. In 2015, Liberia completed its accession process to the WTO. In June 2016, Liberia notified the WTO that its Parliament had ratified its Protocol of Accession, thereby clearing the final hurdle to WTO membership. Pursuant to WTO rules, Liberia will become a WTO member on July 14, 2016, thirty days after its instruments of acceptance were deposited at the WTO.

**Rule of Law/Political Pluralism/Anti-Corruption:** Liberia has had a stable democracy since 2005 and implemented many rule of law reforms in 2014, including creating a consolidated Ministry of Finance and Development Planning, a new Code of Conduct Act for public officials, and a \$12 million Public Sector Modernization project. Despite these developments, concerns about public sector corruption and the lack of transparency for timber, mining, and agricultural contracts, and a lack of transparency in public procurement, erode investors' confidence. Lack of public confidence in the police and judicial system has sometimes resulted in mob violence and vigilantism.

**Poverty Reduction:** In April 2015, the government launched its post-Ebola Economic Stabilization and Recovery Plan (ESRP), aimed at restoring basic services in key economic sectors. The government is encouraging new investment in the mining sector, and continues to receive support from donors to develop the agricultural sector in order to reduce rural poverty and food insecurity. Unresolved land tenure disputes continue to provoke sporadic, violent

clashes. Basic services including road, electricity, and safe drinking water are not available to a vast majority of the population. Liberia is unlikely to meet its 2015 Millennium Development Goals of reducing child mortality and improving maternal health.

**Labor/Child Labor/Human Rights:** The government provided anti-trafficking training to law enforcement officers, passed the Fair Work Act which established a minimum wage for skilled and non-skilled workers, and enhanced worker protections. Concerns remain regarding the freedom of association and the worst forms of child labor. The government also developed a 6-month strategic plan to respond to vulnerable children in post-Ebola Liberia.

**International Terrorism/U.S. National Security:** Liberia does not sponsor terrorism and is a strong proponent of regional stability and democracy. The government lacks strong control over its borders.

## MADAGASCAR

**Status:** AGOA Eligible.

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** In July 2015, the government issued measures to incentivize investment in export-oriented manufacturing companies. The country struggles to collect sufficient revenue through taxes. Monopolistic state-owned enterprises continue to drain the government's finances and resist efforts to privatize.

**Rule of Law/Political Pluralism/Anti-Corruption:** In June 2015, the government introduced legislation that would create a Special Tribunal to hear cases of rosewood trafficking, which could reduce corruption and facilitate prosecution of high-level traffickers. Weaknesses in the judicial system continue to facilitate impunity for the well connected, including some high profile rosewood traffickers. Corruption and influence peddling remain pervasive.

**Poverty Reduction:** Poverty alleviation through improvement of the business climate and the promotion of rule of law and good governance remains a number one priority for the current administration. The return of AGOA eligibility in 2014 has created thousands of new manufacturing jobs, and with the recent ten-year extension of AGOA, the national association of export processing zone companies has estimated that an additional 200,000 jobs will be created over the next five years. However, the economic decline that came in the wake of the 2009 coup continues to impact the country. Madagascar is one of the poorest countries in the world, with 92 percent of the population living on under \$2 a day. The government's spending on health and education remains low.

**Labor/Child Labor/Human Rights:** Madagascar adopted anti-trafficking legislation which provides a broader definition of trafficking to include forced labor, with associated penalties. It also worked with the country's vanilla producers to develop a code of conduct for the sector, as part of larger efforts to remove vanilla from the Department of Labor's list of goods produced with child labor. Concerns remain regarding the freedom of association and the right to

organize. In 2015, government efforts to combat trafficking in persons were rewarded with Madagascar's removal from the Tier 2 Watch list in the 2015 TIP Report. Freedom of expression is constrained, as laws criminalize defamation, and the labor code provides for a fine, imprisonment, or both for the "instigators and leaders of illegal strikes."

**International Terrorism/U.S. National Security:** Madagascar does not engage in activities that undermine the national security or foreign policy of the United States, and does not support international terrorism.

## MALAWI

**Status:** AGOA Eligible.

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** Malawi has had a market-based economy since independence in 1964, and the role of the private sector continues to grow. The government has pursued a number of reform programs to improve the economic environment with the support of various donors including the United States, IMF and the World Bank. Barriers to economic growth include high transport costs, poor infrastructure and utilities, and limited access to technology and credit. Malawi ranks 164 out of 189 countries in the World Bank's 2015 Doing Business indicators.

**Rule of Law/Political Pluralism/Anti-Corruption:** Malawi has an independent judiciary, but it is inefficient, lacking both expertise and finances. The government has increased its focus on anti-corruption measures since the "Cashgate" corruption scandal broke in September 2013. As of 2015, seven individuals who were part of "Cashgate" have been convicted on corruption and theft charges.

**Poverty Reduction:** The government prioritizes agriculture in its fight against poverty, and it continues to direct resources towards a "Green Belt Initiative" that promotes irrigation programs to decrease dependence on rain-fed agriculture. An agricultural subsidy program has met with legitimate complaints of politicization and misuse in both procurement and service delivery. In recent years, the cost of this program has reportedly represented up to 80 percent of the agriculture ministry's budget. Significant resources are allocated to education and health services that target the rural poor.

**Labor/Child Labor/Human Rights:** The government conducted intensive labor inspections in the export processing zones (EPZs). Workers in the EPZs are now unionized. Concerns remain regarding acceptable conditions of work and the worst forms of child labor, particularly in the tea and tobacco sectors. In 2015, the Trafficking in Persons Act was passed by Parliament and officially entered into force.

**International Terrorism/U.S. National Security:** Malawi contributes to regional security through its participation in UN peacekeeping missions. The government cooperates with the United States to combat terrorism. Malawi has porous and unmonitored borders, and it has become an established transit country for immigrants/refugees traveling to South Africa.

Limited government capacity to monitor this flow leaves Malawi vulnerable to extremists in this population.

## MALI

**Status: AGOA Eligible.**

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** The formal economy consists almost entirely of service industries and the production and export of gold, cotton, and livestock. The Malian government is working with the IMF and international donors to privatize several state-owned enterprises and increase tax revenues. The government has reduced or eliminated export taxes, import duties, and price controls on many goods. Poor infrastructure, administrative inefficiency, and corruption limit economic growth, and the economy is poorly diversified.

**Rule of Law/Political Pluralism/Anti-Corruption:** Following a rebellion in northern Mali and a coup d'état in 2012, the Government of Mali reestablished a democratic government in 2013 and is currently working with the international community to implement a peace accord with northern communities. Corruption in the executive and judicial branches are a significant obstacle to the rule of law. Reports of political meddling and bribery in the courts are common. However, the president has indicated that the fight against impunity is on his agenda, and the IMF has praised the country's auditing of off-budget expenditures.

**Poverty Reduction:** Mali achieved the targets for poverty-reducing social spending under the current IMF Extended Credit Facility. The USDA has an active \$20 million Food for Progress Program in Mali to increase productivity and expand trade in the rice and vegetable value chain. The International Fund for Agricultural Development invested \$52 million in a rural employment initiative. The initiative, which launched in 2014, provides professional training and supports entrepreneurial efforts of rural farmers. Despite some progress, Mali's social indicators remain among the lowest in the world and the government's suspension of assistance programs in health and education have stalled progress in this area.

**Labor/Child Labor/Human Rights:** The government signed an agreement with the largest national workers' union guaranteeing a 40 percent increase in the minimum wage progressively by 2016, an increase in social security benefits specifically for family allowances, and a reduction in the income tax rate. It also adopted the National Policy for Child Promotion and Protection, which aims to strengthen national policies and programs to protect children from violence, human trafficking, and exploitative work. Concerns remain regarding freedom of association and forced labor, including hereditary slavery, debt-bondage, and trafficking. Domestic violence and discrimination against women continues to occur throughout the country.

**International Terrorism/U.S. National Security:** The U.S. Government is evaluating how to reengage with Malian security institutions after disengaging during the March 2012 political crisis. Banditry associated with illicit trafficking of arms, drugs, livestock, and people continues to challenge the security of northern Mali.

## MAURITANIA

**Status:** AGOA Eligible.

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** In 2013, Mauritania opened a free trade zone that has more than 115 enterprises as of 2015. Large-scale, private foreign investment has been growing in the fishing, infrastructure, and telecommunications sectors. The economy is not well diversified. Mining represents 30 percent of GDP and is a major source of employment. The fall in commodity prices has hurt the mining industry. Infrastructure remains underdeveloped and restricts economic growth.

**Rule of Law/Political Pluralism/Anti-Corruption:** Mauritania's presidential elections of 2014 were endorsed by international observers as reasonably free, fair, and transparent. In response to political pressures after the Arab Spring, the government increased dialogue with civil society, leading to constitutional reforms and an independent election commission. The Commission for Financial Information Analysis has been active against corruption, financial crimes, and terrorist financing. As of July 2015, 30 government officials have been arrested for embezzling public funds. Corruption and favoritism remain significant obstacles to economic growth. Despite the creation of the Procurement Regulation Authority, public tenders are still regularly influenced by corrupt practices.

**Poverty Reduction:** The government's "Post-2015 Agenda" outlines a plan to expand rural development programs, curb food insecurity, reduce crop and land shortages, and improve living conditions in shantytowns. However, government strategies to combat poverty in rural areas have not been effective. Mauritania's Poverty Reduction Strategy has been implemented unevenly, and about 26 percent of households were estimated to be food-insecure in 2014. Lack of economic diversification and concentration of growth in capital-intensive sectors means that large segments of the population do not benefit from economic gains.

**Labor/Child Labor/Human Rights:** The government amended its anti-slavery law to clarify the definition of slavery as a crime, further detailed the role of specialized anti-slavery courts, increased the penalty for slaveholding to 5-10 years in prison, and allowed human rights groups established for not less than five years to bring cases to court on behalf of victims. The Global Anti-Slavery index estimates that four percent, or 155,600 people are enslaved in Mauritania. Although the government recently began implementation of specialized anti-slavery courts, the system is underfunded, making the efficacy of the courts uncertain. A pending draft law has the potential to severely restrict the activities of non-governmental organizations in Mauritania, including human rights and civil society organizations who advocate for victims of slavery. Discrimination against Afro-Mauritians, women, and LGBT persons is common. Female genital mutilation remains widespread, although it is slowly declining due to civil society activism.

**International Terrorism/U.S. National Security:** Mauritania does not engage in activities that undermine U.S. national security or foreign policy interests. Mauritanian authorities have had some success convicting suspected terrorists and, in some cases, successfully reintegrating extremist supporters back into society.

## MAURITIUS

**Status:** AGOA Eligible.

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** The 2015 Index of Economic Freedom ranks Mauritius as the 10th freest economy in the world and first in Sub-Saharan Africa. For the seventh consecutive year, the World Bank's 2015 Doing Business report ranks Mauritius first among African economies (28th worldwide). Mauritius is the only African member of the plurilateral Trade in Services Agreement. Mauritius has a tradition of private entrepreneurship, which has led to a strong private sector. The country has opened its ICT sector to full competition from foreign companies. Property rights are respected, and the government recently reformed its intellectual property legislation. The government controls key utility services such as electricity, water, waste water, and television broadcasting either directly or through parastatals.

**Rule of Law/Political Pluralism/Anti-Corruption:** Free and fair elections in December 2014 resulted in the peaceful transition of power from the largest political party to an opposition coalition. The judiciary retains a good degree of power and independence. The Mauritius International Arbitration Center is internationally recognized for commercial dispute settlement. On May 6, 2015, Mauritius ratified the Mauritian Convention on Transparency. The Convention provides a high level of transparency and public accessibility in investor-state disputes. Corruption is generally not a problem in Mauritius. Political participation of women and young people remains low.

**Poverty Reduction:** Mauritius has a wide range of social protection programs including free education, free health services, and subsidies for essential food items. Mauritius has a low rate of poverty, however, poverty persists for certain groups, especially among Mauritians of black African descent. The government has announced many large-scale initiatives to address poverty in vulnerable groups, but they are not always executed them effectively.

**Labor/Child Labor/Human Rights:** The government continued awareness raising campaigns against child abuse, including the commercial sexual exploitation of children. It inaugurated a new specialized Residential Care/Drop-in Center to cater to children victims of commercial and sexual exploitation, the first of its kind in Mauritius. Concerns remain regarding freedom of association and the worst forms of child labor. In May 2015, the government established the Police Complaints Commission, designed to quickly handle complaints against the police. According to NGOs that address women's rights, domestic violence victims are not protected.

**International Terrorism/U.S. National Security:** Mauritian authorities cooperate with U.S. government law enforcement officials on anti-terrorism matters.

## MOZAMBIQUE

**Status:** AGOA Eligible.

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** Mozambique has one of the fastest growing non-petroleum-based economies in sub-Saharan Africa. GDP annual growth rate averaged 6.37 percent from 2000 to 2015. Mozambique encourages foreign direct investment, and in 2014 it was Africa's top recipient of FDI inflows. There is ongoing concerns about government's role in the business sector. A large number of state-owned companies require government subsidies to survive, and the government has reportedly attempted to bypass public procurement laws. Access to capital continues to be a challenge for the private sector.

**Rule of Law/Political Pluralism/Anti-Corruption:** A peaceful transition of power occurred following the October 15, 2014 general elections, as Filipe Nyusi was elected president with 57 percent of the vote. The main opposition party, Renamo, gained a significant number of seats in the parliament and refuses to accept the results of the presidential election, demanding to govern in the provinces where it received more votes. While negotiations between the two sides continue, sporadic clashes between government and Renamo forces started increasing in 2015. In December 2014, parliament passed a Freedom of Information Act which requires public institutions to release information to any citizen requesting it.

**Poverty Reduction:** The government has made poverty alleviation at priority and aims to spur economic growth through development of the agricultural sector. Mozambique's new five year plan for poverty reduction aims to promote employment, productivity, and competitiveness as well as ensure sustainable management and transparent natural resources. The country lacks basic infrastructure, and electricity and clean water for most of its citizens. HIV/AIDS continues to be a major threat.

**Labor/Child Labor/Human Rights:** Mozambique's Parliament recognized for the first time that public servants have the right to establish and join unions, though restrictions remain. The government also passed a new Penal Code which contains provisions against the commercial sexual exploitation of children. Freedom of religion is guaranteed by the Constitution. Significant reforms to the penal code took effect in July 2015, including decriminalizing homosexuality, and the decriminalization of abortion during the first 12 weeks of pregnancy. Concerns remain with regard to worst forms of child labor, the right to organize, acceptable conditions of work, and trafficking in persons. Mozambique continues to be a source, transit, and destination country for forced labor and sex trafficking. Discrimination against women and persons with HIV/AIDS remains a problem.

**International Terrorism/U.S. National Security:** The government and the Central Bank cooperate with international efforts to counter terrorist activities. Mozambique is working with the United States to enhance its maritime security. The country has limited resources to secure its large coastal and land borders, and money laundering as well as drug and animal trafficking continue to be of concern.

## NAMIBIA

**Status:** AGOA Eligible.

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** Over half of Namibia's export earnings come from resource extraction industries including diamonds, copper, zinc, and uranium. The country also exports grapes, beef, fish, and livestock. The Ministry of Industrialization, Trade, and SME Development has established the Business and Intellectual Property Authority to provide entrepreneurs with streamlined services that should help improve the business climate. In May 2015, the first grid-connected solar power energy project started to operate. Ownership requirements for certain business ventures require majority ownership by Namibian nationals.

**Rule of Law/Political Pluralism/Anti-Corruption:** The national elections in November 2014 were considered by observers to be free and fair. President Hage Geingob obtained 87 percent of the popular vote and was inaugurated in March 2015. The slow pace of justice continues to be an issue. Lack of transparency in government procurement and licensing is a source of corruption.

**Poverty Reduction:** Although the World Bank classifies Namibia as an upper middle income country, there is acute income disparity among Namibians. Namibia's formal economy produces most of its wealth, but traditional subsistence agriculture supports most of its labor force. Unemployment levels are high, especially among women and youth, and HIV/AIDS continues to threaten economic growth and social cohesion. President Geingob created a new Ministry of Poverty Eradication and Social Welfare and immediately increased welfare grants to the elderly by 40 percent.

**Labor/Child Labor/Human Rights:** Namibia raised the minimum wage for domestic workers, remedied the exclusion of EPZs from regulations relating to conditions of employment such as unsafe conditions, low wages, and suppression of rights of workers, published the Child Care and Protection Act, and established an Inter-Ministerial Committee on Child Labor to combat the worst forms of child labor. Concerns remain with regard to the freedom of association, the worst forms of child labor, and acceptable conditions of work in foreign-owned companies.

**International Terrorism/U.S. National Security:** In June 2014, the Namibian government enacted new counter terrorism and anti-money laundering legislation. Namibia cooperates with U.S. anti-terrorism and foreign policy efforts.

## NIGER

**Status:** AGOA Eligible.

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** In recent years, increased oil production has contributed to increased annual real GDP growth. The government is committed to boosting foreign investments in the natural resources sector, and has granted oil,

gold, and precious metals exploration permits to various companies. Significant business and labor market reforms have been implemented. Niger's economy is not diversified, and an ineffective tax system and burdensome regulations hamper the business climate. The informal sector dominates the economy. Niger is ranked 168<sup>th</sup> out of 189 economies in the 2015 World Bank Doing Business Index, and foreign aid represented an estimated 9.3 percent of GDP in 2015. Niger has the highest population growth rate in the world, and lacks the needed infrastructure to accommodate investment and development. Large portions of the budget have been committed to the fight against Boko Haram, leaving less for social spending and investment.

**Rule of Law/Political Pluralism/Anti-Corruption:** Since a military coup d'état in 2010, Niger has had two peaceful elections and is regarded as having a relatively strong civil society and freedom of the press. Corruption remains widespread, especially among the government security and police forces, in spite of implementation of a "High Authority against Corruption," policy. Nigerien law is unclear on corruption issues and there are disagreements among law enforcement about how to apply it. Despite these problems, Niger has improved from 113<sup>th</sup> on the Corruption Perceptions Index in 2012 to 99<sup>th</sup> in 2015.

**Poverty Reduction:** Niger remains one of the poorest countries in the world, ranking last among 188 countries in the UN's 2015 Human Development Index. Many Nigeriens live in absolute poverty and many are malnourished. The education system is almost nonexistent, leading to an adult literacy rate of 29 percent, and only 15 percent for women. The government has announced programs to address poverty, most notably the "Renaissance Program" which is focused on school construction, job creation, and expanded medical access. Access to primary education, vaccination rates, and life expectancy have improved. Niger was re-selected for a Millennium Challenge Corporation compact in December 2015, one of its top foreign policy priorities.

**Labor/Child Labor/Human Rights:** The government adopted the National Action Plan to Combat Trafficking in Persons, created the National Committee to Combat Child Labor in Agriculture, and rescued 45 children from religious teachers who exploited them as street beggars. Concerns remain with regard to forced labor, including hereditary slavery, and the worst forms of child labor in the mining sector. Violence and sexual harassment against women remain common, and some courts do not give women equal legal status with men. The government generally respects freedom of assembly, worship, and the press, although it has restricted these in some isolated incidents.

**International Terrorism/U.S. National Security:** Niger is committed to combatting transnational terrorism, as well as banditry and the trafficking of narcotics and weapons. The government has taken concrete steps to prevent Islamist extremism from taking hold, and has vigilantly pursued Boko Haram terrorists within its borders as well as across the border into Nigeria. However, the existence of Boko Haram, especially its agents' ability to blend in to society in Niger, continues to pose a significant threat to the country's security.

## NIGERIA

**Status:** AGOA Eligible.

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** Nigeria's economy is the largest in Africa, and recent growth has brought about significant investor attention, notwithstanding slower growth in 2015. The economy has become relatively well-diversified, with services and agriculture the two largest sectors. The government is in the process of privatizing its ailing power sector. Nigeria continues to use high tariffs and import bans – including a 70 percent tariff on new automobile imports – to protect a number of industries as part of an import substitution policy. These restrictive trade policies drive trade to the black market and scare off foreign investors. Restrictive foreign exchange policies continue to affect U.S. imports, including imports of food and agricultural products. Transportation and power infrastructure remain inadequate and constrain economic growth. Nigeria's 2010 Local Content Act's restrictive and discriminatory provisions and broad scope are detrimental to U.S.-Nigerian bilateral trade and investment.

**Rule of Law/Political Pluralism/Anti-Corruption:** Nigeria experienced a peaceful transition of power in the 2015 presidential elections, as challenger Muhammadu Buhari defeated incumbent President Goodluck Jonathan. The introduction of permanent voter cards and electronic card readers instilled confidence in voters and reduced electoral fraud. Nigeria has made important strides to improve management of public resources. The anticorruption efforts of the Independent Corrupt Practices Commission remain focused on low and mid-level government officials, and successful prosecutions of public officials charged with corruption remain difficult due to an inadequate legal system. Enforcement of intellectual property laws has not been adequate to stem widespread IP violations.

**Poverty Reduction:** The Ministry of Agriculture has launched a microcredit financing system for small farmers and small businesses and the government also started the Youth Empowerment through Agriculture Program. Despite relatively high rates of GDP growth, Nigeria's poverty levels remain persistently high, especially in the north. The development divide between north and south is very large, and it exacerbates religious and ethnic tensions. Falling oil prices have diminished fiscal space for poverty reduction spending.

**Labor/Child Labor/Human Rights:** The government signed into law the Trafficking in Persons (Prohibition) Enforcement and Administration Bill, which imposes stricter penalties for trafficking than previously and provided extensive specialized anti-trafficking training to officials from various government ministries and agencies. The government also adopted a national policy and action plan on labor migration and instituted a licensing requirement for all private labor recruitment agencies managed by the Ministry of Labor. Forced labor remains widespread in Nigeria. The Global Slavery Index indicates Nigeria has the highest number of people involved in forced labor in Sub-Saharan Africa; estimating 834,200 people are involved in forced labor. According to a report published by the government and the International Labor Organization, approximately 15 million children are engaged in child labor, including 2.3 million in hazardous work. Among child workers, the government estimates that as many as 9.5 million "almajiri" children are engaged in street begging in the North. Freedom of association is

severely limited in Nigeria, where union registration is dependent on the Minister of Labor's 'satisfaction that it is expedient to register the union,' the registrar has broad powers over union accounts, and many segments of the population are barred from joining unions. In 2014 the government investigated, prosecuted, and convicted numerous human traffickers, and provided services to an increased number of victims. Domestic violence and discrimination against women remain widespread, and the Same-Sex Marriage Prohibition Act effectively renders illegal all forms of activity supporting or promoting LGBT rights.

**International Terrorism/U.S. National Security:** Attacks by Boko Haram continued in many states in northern Nigeria creating a significant security issue for the country. Government efforts to counter violent extremist groups lack allocation of sufficient funds. The government continues to combat money laundering and partners with U.S. and international financial institutions to identify and freeze terrorist assets.

## RWANDA

**Status:** AGOA Eligible.

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** Rwanda has experienced solid economic growth in recent years, and has largely contained inflation. The 2006 U.S.-Rwanda TIFA provides a framework for trade and investment, and the 2012 U.S.-Rwanda BIT helps protect U.S. private investments in Rwanda. Rwanda's focus on EAC integration and elimination of regional trade barriers has reduced customs duties and transportation costs across many sectors. Rwanda enjoys a reputation for low corruption and is ranked 46 out of 189 countries in the 2015 World Bank's Doing Business Indicators. Rwanda faces the challenge of sustaining high growth in the context of uncertain donor flows. The country is dependent on foreign assistance for approximately 50 percent of its budget.

**Rule of Law/Political Pluralism/Anti-Corruption:** In July 2015, Rwanda's Parliament proposed Constitutional amendments to shorten presidential terms from seven to five years, while allowing an exception to the two-term limitation only for President Kagame to run for a third term, and possibly two additional terms. The proposed amendments were adopted following a December 2015 national referendum. The constitution and law provide for an independent judiciary, and the judiciary operated in most cases without government interference. The government restricted the registration and operation of opposition parties, and limited freedoms of speech, press, assembly, and association.

**Poverty Reduction:** The second Economic Development and Poverty Reduction Strategy, released in 2013, aims to reduce poverty and external dependency through HIV/AIDS prevention and care, expanding agricultural opportunities and productivity, and increasing access to electricity and potable water. Rwanda is one of only 12 countries in sub-Saharan Africa to have met or exceeded all Millennium Development Goals (MDGs) on health and education. Poverty remains widespread. Because 58 percent of the population is engaged in subsistence agriculture, Rwanda is highly susceptible to agricultural shocks. Rwanda is the most densely populated country in Sub-Saharan Africa.

**Labor/Child Labor/Human Rights:** The government secured funding to continue the Rwanda Demobilization and Reintegration Commission Child Rehabilitation Program, provided funding for districts to implement child protection programs, and created District Steering Committees on Child Labor in all 30 districts. In 2015, the government initiated a National Trafficking in Persons Action Plan that expanded efforts to prevent, prosecute, and assist the victims of TIP. Rwanda has the world's highest percentage of federal female legislators and offers comparatively strong protections for religious and LGBT minorities. Concerns remain regarding freedom of association and collective bargaining. The government and security services at times harass political opponents and human rights advocates who speak out against the government, and press freedom remains curtailed.

**International Terrorism/U.S. National Security:** Rwanda contributes troops to UN and African Union Peacekeeping Operations, and has made efforts to combat terrorist financing and increase border control measures.

## SAO TOME & PRINCIPE (STP)

**Status:** AGOA Eligible.

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** STP's exports to the United States are minimal, consisting primarily of cocoa. Recently, the country introduced an initiative to create a single window to facilitate external trade. The lifting of price controls, the liberalization of external trade and the exchange rate system, and the privatization of state enterprises have improved the business climate and helped promote growth. Because STP is so poor, it is highly vulnerable to unpredictable shocks. About 93 percent of land is state-owned, and there are few skilled individuals in the oil business or in the regulatory/banking/accounting fields. Investors have trouble finding viable investment opportunities in STP due to its weak economy, inadequate infrastructure, small market, and physical isolation.

**Rule of Law/Political Pluralism/Anti-Corruption:** STP has a history of free and fair elections since a multi-party system was introduced in the early 1990's. Presidential elections are scheduled for 2016. Freedom of the press is respected and the country has a strong human rights record and is progressive on women's rights. The government began comprehensive public finance reform to modernize the budget process and make it more transparent. Perception of official corruption is improving, as STP ranked 76 out of 175 countries in 2014, compared to 121 in 2008.

**Poverty Reduction:** The World Bank notes that STP has made great improvements in human development, especially in education and health outcomes, with recent achievements including a sharp decline in maternal and child mortality rates, progress in the fight against malaria, a low incidence of HIV/AIDS, and a primary education completion rate of close to 97 percent. However, limited coordination and in-country presence by international donors and scarcity of financial resources hinder poverty reduction efforts.

**Labor/Child Labor/Human Rights:** The government established an Anti-Child Labor Committee to coordinate its efforts to combat child labor, and continued to fund and participate in programs to combat the worst forms of child labor. Despite efforts, concerns remain particularly with regard to collective bargaining, the worst forms of child labor, and the enforcement of labor laws, including health and safety standards. There have been no reported cases of trafficking, nor of forced or compulsory labor in STP. However, labor laws, including health and safety standards, are poorly enforced due to a lack of resources. Working conditions in the cocoa plantations are unregulated and can be extremely harsh.

**International Terrorism/U.S. National Security:** STP does not engage in activities that undermine U.S. national security or foreign policy interests. The country has cooperated with the United States on maritime security issues in the Gulf of Guinea region and has responded quickly and effectively to cases of drug smuggling in the Gulf of Guinea. STP has an anti-money laundering law that complies with international standards. However, the country currently lacks the necessary human and financial resources to be effective in defending its borders and in fighting against money laundering and terrorist financing.

## SENEGAL

**Status: AGOA Eligible.**

**Market Economy/Economic Reform/Elimination of Barrier to U.S. Trade:** The government's economic development plan, "Plan Senegal Emergent," focuses on economic reforms, investment in strategic infrastructure projects, and expansion of private investment in key sectors. The market-based economy is open to foreign investment, and the investment code provides for equitable treatment of foreign and local firms. Since November 2005, Senegal's Ministry of Livestock has implemented a protectionist ban of poultry meat and meat products from all countries under the guise of preventing the introduction of highly pathogenic avian influenza. Senegal has not offered a scientific justification for the ban and has not notified it to the WTO. The government plans to phase in an import tax to replace the ban beginning in 2021. Senegal is a member of the World Intellectual Property Organization and the Bern Copyright Convention. The country improved from 178<sup>th</sup> to 161<sup>st</sup> on the World Bank's 2015 Doing Business Report, but remains hindered by its inability to effectively enforce contracts and protect investors. Disputes (e.g., judicial, tax, customs, and property) and regulatory decisions are frequently handled in a manner that is inconsistent, tardy, and non-transparent.

**Rule of Law/Political Pluralism/Anti-Corruption:** Senegal has a pluralist democratic political system and is a secular state with a tradition of respect for human rights and protections for religious freedom. Opposition political parties operate freely. Freedom of expression is protected, but the press practices self-censorship on some sensitive issues. President Sall also led African participation in the Partnership on Illicit Finance; Senegal hosted the first meetings of the group in 2015-2016. Corruption is perceived to be a persistent problem, and plans to improve governance are slowed in implementation by the political process. However, President Sall has reinforced institutions for monitoring government agencies to prevent corruption. Senegal hosted the African Union Extraordinary Chambers that on May 30

convicted former Chadian dictator Hissene Habré of crimes against humanity, the first time an African leader had been tried by fellow Africans.

**Poverty Reduction:** Senegal is on track to exceed Millennium Development Goals for reduction of extreme poverty and achieving gender equality in schooling. The country has also made progress in lowering child mortality and reducing malnutrition. In 2013, Senegal started a cash transfer program to help families in poverty. Working with the World Bank through the Senegal Emergent Plan, Senegal aims to establish an effective safety net system to mitigate the impacts of weather shocks on the rural poor. With a growing population, the country needs higher economic growth to generate employment, raise per capita income, and reduce poverty. Rural areas of Senegal have higher rates of unemployment and are vulnerable to food insecurity and weather shocks.

**Labor/Child Labor/Human Rights:** Senegal has demonstrated increased law enforcement efforts on trafficking in persons, reporting four prosecutions and four convictions in three separate cases under the anti-trafficking law. However, concerns remain regarding trafficking in persons, the right to organize, and the worst forms of child labor, especially with regard to forced begging. A 2014 study shows that tens of thousands of students, known as “talibes,” are forced to beg in the streets every day in order to pay their religious teacher’s salary. The students live in unsanitary conditions, receive inadequate food and medical care, and are vulnerable to physical and sexual abuse.

**International Terrorism/U.S. National Security:** Senegal is a strong partner in promoting regional security and countering violent extremism. The country has participated in UN peacekeeping missions in many African countries. Senegal faces some risk of terrorist activity due to the potential spillover from the conflict in northern Mali. The armed forces and police are ill-equipped to protect Senegal’s porous land borders and prevent the trafficking of illicit drugs, contraband, and firearms.

## SEYCHELLES

**Status:** AGOA Eligible.

**Market Economy/Economic Reform/Elimination of Barrier to U.S. Trade:** The World Bank classified Seychelles as a high income economy on July 1, 2015. This means that Seychelles will not be eligible for AGOA starting January 1, 2017. Seychelles has implemented major economic reforms including floating its currency, removing capital controls, and tightening fiscal and monetary policies. Seychelles acceded to the WTO in April 2015 and is one of only two sub-Saharan African participants in the WTO Information Technology Agreement. Seychelles’ public debt still constitutes a major source of risk, limiting the country’s ability to borrow money. The economy relies heavily on tourism and fishing, both of which are vulnerable to external shocks. Income inequality is high, and there is a danger that high-end luxury tourism will become isolated from the mainstream economy, limiting the wider trickle-down effects of tourism on growth.

**Rule of Law/Political Pluralism/Anti-Corruption:** Elections in Seychelles are free and transparent, but there the ruling party won all but one seat in the September 2011 Parliamentary elections. The government has a monopoly on radio and television and uses libel laws against opposition newspapers. The main opposition groups boycotted that election, leading to a multi-party initiative for reform, including the allowance of year-round voter registration and financial disclosure requirements for political parties. In 2015, Seychelles ratified the Convention on Mutual Administrative Assistance in Tax Matters and subscribed to the IMF's Special Data Dissemination Standard, demonstrating its commitment to transparency in tax information and public funds. Seychellois generally believe that the judicial system is inefficient and subject to executive influence, but the country does not have a reputation for corruption.

**Poverty Reduction:** Seychelles has a higher per capita income (about \$10,000), higher levels of human development, and better governance indicators than most sub-Saharan African countries. Seychelles has already achieved most MDGs in education, health, poverty eradication, and the environment, and has a comprehensive and generous social protection system. However, Seychelles continues to grapple with a high prevalence of HIV/AIDS and hepatitis, as well as high rates of injection drug use.

**Labor/Child Labor/Human Rights:** The government has made efforts to improve internationally recognized worker rights especially with regard to trafficking in persons. The National Assembly passed the Prohibition of Trafficking in Persons law, which covers sexual exploitation, forced labor, slavery, and involuntary servitude. Concerns remain with regards to collective bargaining. Prolonged pretrial detention is a problem; an estimated 25 percent of the prison population consists of pretrial detainees.

## SIERRA LEONE

**Status:** AGOA Eligible.

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** Sierra Leone has yet to take full advantage of AGOA's benefits as the country rebuilds an economy devastated by a long civil war compounded by the ravages of Ebola. The IMF estimates a 21.5 percent drop in GDP related to the Ebola crisis in 2015. Sierra Leone's market-based economy incorporates an open, rules-based trading system with no significant barriers to U.S. trade. President Ernest Bai Koroma has stated that the nation's economic growth should be driven by the private sector, and support for foreign direct investment is a government priority. Infrastructure remains a concern. Laws generally protect intellectual property rights.

**Rule of Law/Political Pluralism/Anti-Corruption:** The decentralization of government is ongoing, and government ministries have increased their presence throughout the provinces. The government has worked with donors to implement a comprehensive justice sector development project. Priorities include reducing prison overcrowding, reducing judicial delays, and giving the poor improved access to justice. Corruption continues to be a problem. Sierra Leone is ranked 119 out of 175 countries in the 2014 Corruption Perceptions Index. However, the Anti-Corruption Commission has taken on and investigated tough cases, and anti-corruption is now

part of every ministry's strategic plan. Sierra Leone Police and army units are woefully underfunded.

**Poverty Reduction:** The government launched the *Agenda for Prosperity* in July 2015. The program aims to propel Sierra Leone into middle income country status by 2035 and to promote sustainable growth and reduce poverty. Sierra Leone remains one of the poorest countries in the world, ranking 183 out of 187 on the UN Human Development Index. Child and maternal mortality rates are among the highest in the world.

**Labor/Child Labor/Human Rights:** The government ratified the Palermo Protocol on Trafficking in Persons, funded and designated some members for the National Commission for Children, and increased the number of labor officers and factory inspectors. It also did not interfere with peaceful demonstrations and attempted to negotiate with workers and labor unions in good faith. Religious freedom is respected in Sierra Leone. Concerns remain with freedom of association and worst forms of child labor. More women are moving into leadership positions throughout society. Violence against women, forced marriages, and female genital mutilation remain problems, however.

**International Terrorism/U.S. National Security:** Sierra Leone does not support or engage in acts of international terrorism or pose a threat to U.S. national security interests. Sierra Leone has contributed forces to UN peacekeeping missions.

## SOUTH AFRICA

**Status:** AGOA Eligible.

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** South Africa has an advanced, broad-based industry and productive economy. South Africa has a sophisticated financial sector and prices are generally market determined. The United States and South Africa are committed to economic dialogue, including through the bilateral TIFA. South Africa's free trade agreement with the European Union enables EU products to enter South Africa at lower tariff rates than U.S. products. Government involvement in the economy has increased due to lagging progress in its development goals.

Out-of-cycle review of South Africa's AGOA eligibility: For years, South Africa blocked U.S. poultry, pork, and beef agricultural products from its market. As a result, Congress mandated an out-of-cycle review of South Africa. This review was initiated on July 21, 2015 and, on November 5, 2015, President Obama determined that South Africa had not made continual progress toward the elimination of several longstanding barriers to U.S. trade and investment and therefore was out of compliance with AGOA eligibility requirements. As a result, the President notified Congress and the South African government of his intent to suspend duty-free treatment for all AGOA-eligible agricultural goods from South Africa effective January 4, 2016. Nonetheless, the United States continued to work closely with South Africa in an effort to avoid this loss of benefits. As a result of these efforts, by the start of January 2016, the United States and South Africa had reached agreement on the safety certificates and conditions for trade for

U.S. poultry, pork, and beef to enter South Africa (see below). However, commercially significant shipments of U.S. poultry had yet to enter into the country. On January 11, 2016, the President issued a proclamation that would have suspended South Africa's AGOA benefits in the agricultural sector, with an effective date for the suspension of March 15, 2016. This additional time provided South Africa the opportunity to allow entry of poultry into South Africa and resolve certain outstanding technical issues related to pork. On March 14, the President issued a revocation of the proclamation that would have suspended South Africa's agricultural benefits under AGOA as of March 15.

U.S.-South Africa engagement under the out-of-cycle review process resulted in the following agreements:

*Poultry.* The U.S. and South African poultry industries agreed to set up a tariff-rate quota (TRQ) that would allow for South Africa's antidumping duty to be rebated for a certain quantity of U.S. poultry exports. The agreement was for a first year quota of 65,000 metric tons, with growth in additional years based on growth in the South African market. South Africa took the necessary steps to implement the bone-in poultry TRQ in December 2015. The first shipment of poultry from the United States arrived in South Africa at the end of February 2016.

U.S. poultry had faced sanitary restrictions in South Africa since the end of 2014 due to the appearance of Highly Pathogenic Avian Influenza (HPAI) in the United States. As a first step towards resolving poultry issues, the United States and South Africa agreed to a trade protocol in November 2015 that allows for the import of poultry shipments from U.S. states not affected by HPAI in the event of a future outbreak.

On January 6, 2016, the two countries finalized a USDA health certificate for the export of poultry, as well as a side agreement addressing South Africa's sampling and testing for Salmonella. Under this side agreement, South Africa has eliminated its non-science-based zero tolerance policy for Salmonella in poultry and will transition to a risk-based sampling plan in three months.

*Pork.* South Africa had banned U.S. pork imports since 2003 due to concerns over porcine reproductive and respiratory syndrome (PRRS), pseudorabies, and trichinae. On January 6, 2016, the United States and South Africa concluded negotiations to address South Africa's barriers to U.S. pork related to these three porcine diseases. The two countries agreed to a USDA health certificate of export, as well as a side agreement, that permits the export of commercially significant frozen cuts, including pork shoulder, to South Africa.

*Beef.* In 2003, South Africa banned imports of all U.S. beef and beef products due to a case of bovine spongiform encephalopathy (BSE) in the United States. On January 6, 2016 the United States and South Africa reached agreement on a USDA health certificate for the export of U.S. beef, consistent with the U.S. negligible risk status for BSE. This agreement permits the United States to ship all beef and beef products from cattle of any age to South Africa, including U.S. beef and beef products derived from Mexican and Canadian cattle.

**Rule of Law/Political Pluralism/Anti-Corruption:** South Africa has demonstrated a commitment to democracy and the rule of law. Its commitment to combating corruption during

the reporting period has been mixed. The Directorate of Priority Crimes and the Special Investigation Unit tackle white collar crime in the private sector and the government, but a recent Constitutional Court ruling held that the President and National Assembly had not upheld their constitutional duties. The court criticized the President for his failure to heed the legal judgment of the Public Protector and criticized the National Assembly for its failure to exercise oversight over the executive branch. The government contract tendering process is not transparent. Corruption and poor police performance are considered common and widespread. South Africa's free press regularly reports on judicial and government allegations of public corruption.

**Poverty Reduction:** The South African government is committed to reducing poverty primarily through job creation. The National Development plan requires a GDP growth rate of around 7 percent annually to realize a goal of creating 11 million jobs by 2030. However, GDP growth has hovered around 2 percent for the past 5 years. South Africa suffers from a shortage of skilled professionals and a surplus of low-skilled laborers. The quality of schools remains uneven and education is not free. A highly rigid and politicized labor force resulted in extensive work stoppages that reduce output and bottleneck service delivery.

**Labor/Child Labor/Human Rights:** The government passed amendments to the Basic Conditions of Employment Act, which extended protection to children working in the informal sector and increased the penalty for child labor violations from 3 to 6 years imprisonment. It also drafted regulations to implement the 2013 Prevention and Combatting of Trafficking in Persons Act and published new regulations for the 2002 Immigration Act that includes new documentation requirements intended to prevent the illegal movement of children. Concerns remain regarding the right to organize, acceptable conditions of work, and the lack of enforcement of labor laws. Since 1994, the South African government has replaced apartheid-era labor legislation with policies emphasizing employment security, fair wages, and decent working conditions. Most prisons do not meet international standards. Violence against women and children remains widespread. The government has developed and implemented programs to stop domestic violence, but societal attitudes, a lack of resources, and inadequate training for law enforcement officials hampers implementation.

**International Terrorism/U.S. National Security:** South Africa is a party to a number of UN counterterrorism conventions and protocols as well as the African Union Convention on the Prevention and Combating of Terrorism. South African borders are considered very porous and immigration control remained insufficient over large portions of the border.

## SOUTH SUDAN

**Status: Not AGOA Eligible. (Terminated 2015.)**

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** Although resource-rich, the economy is centered on oil production, and almost all intermediate and consumer goods are imported. In 2014, oil production accounted for 99 percent of exports, 95 percent of government revenue and about one-half of GDP. The business environment is

extremely challenging in South Sudan due to scarce accommodations for foreign investors, poor infrastructure, and a weak legal framework.

**Rule of Law/Political Pluralism/Anti-Corruption:** Fighting between the government and opposition forces broke out in December 2013, stalling any efforts to address corruption, legal reform, or institution building. President Salva Kiir signed a peace agreement with the opposition forces on August 26, 2015, but effective implementation of the accord and its reforms will require substantial international support and commitment from South Sudanese authorities.

**Poverty Reduction:** South Sudan has some of the worst human development indicators in Africa. About 90 percent of the population lives on less than \$1 per day, more than 90% of women are illiterate, and South Sudan has the highest maternal mortality rate in the world. Capacity to address these problems relies completely on aid from foreign donors.

**Labor/Child Labor/Human Rights:** The Ministry of Defense issued a Punitive Order against commanders who had children in their military unit. However, the army recruited, sometimes forcibly, children to fight the opposition group led by former Vice President Riek Machar. In January 2015, South Sudan was declared ineligible for AGOA benefits due to flagrant human rights abuses and government-sanctioned political violence, including targeted attacks on civilians, extrajudicial killings, arbitrary arrest and detention, sexual violence, and the recruitment and use of child soldiers.

**International Terrorism/U.S. National Security:** South Sudan's security situation and lack of effective government institutions makes it vulnerable to terrorism. However, no terrorist organizations currently have a presence in South Sudan.

## SWAZILAND

**Status: Not AGOA Eligible. (Terminated 2015.)**

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** The government is unwilling to liberalize the domestic telecommunications market and other sectors, and high wages in the public sector make the private sector less competitive. Swaziland ranks 110 out of 189 countries in the World Bank's 2015 Ease of Doing Business Index.

**Rule of Law/Political Pluralism/Anti-Corruption:** Swaziland is an absolute monarchy with little political pluralism. The country ranks 69 out of 175 nations in the 2014 Transparency International's Corruption Perceptions Index.

**Poverty Reduction:** Life expectancy is only 49 years, 5 years below the regional average, due in large part to the prevalence of HIV/AIDS. For budgetary reasons, government spending has been cut in key social services programs, such as HIV/AIDS, free primary education, and support for vulnerable children.

**Labor/Child Labor/Human Rights:** The government has made efforts to improve internationally recognized worker rights since losing its AGOA eligibility in 2015. The U.S. Administration provided the Swazi government with five benchmarks that must be met in order for the country to be considered favorably for AGOA reinstatement. Some progress on completing the benchmarks was made by drafting amendments to the Industrial Relations Act to provide for the registration of federations, officially registering the Trade Union Congress of Swaziland; and adopting and publishing the Code of Practice for Industrial and Protest Action. Two prominent political prisoners were released in July 2015. However, the government has not met all of the benchmarks. It has not modified the Suppression of Terrorism Act and continues to use the Act to stifle political expression, freedom of assembly, and dissent. It has also not modified the Public Order Act to allow for recognition of freedoms of assembly, speech, and organization.

**International Terrorism/U.S. National Security:** The Royal Swaziland Police Service cooperates with U.S. law enforcement agencies in counter-narcotics and counter-terrorism programs. The Swaziland Defense Force regularly partners with the U.S. military.

## TANZANIA

**Status:** AGOA Eligible.

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** Tanzania has experienced high and relatively stable growth rates driven by its mining, telecommunications, tourism, and construction sectors. Tanzania's business environment remains difficult because of a cumbersome bureaucracy, corruption, and poor infrastructure. Tanzania prohibits U.S. poultry imports through a non-transparent import licensing system. Tanzania's biosafety legislation inhibits the import of genetically-engineered products by including liability provisions on biotech products caused by the release or misuse of a product, regardless of culpability.

**Rule of Law/Political Pluralism/Anti-Corruption:** The Tanzanian press has reported freely on high profile cases of alleged corruption. The government has attacked the problem of counterfeit products by confiscating illicit goods. Corruption remains a significant issue, especially in the judiciary and the police forces. The judiciary is underfunded, inefficient, and reportedly subject to executive interference and bribes. The Inspector General of Police has made the fight against corruption and the professionalization of the police force his top priorities.

**Poverty Reduction:** Tanzania has made significant achievements with regard to achieving universal primary education, promoting gender equity, and reducing child mortality. The United States supported the construction of power lines, the paving of roads, and upgrades to three water treatment plants. Continued progress in poverty reduction will depend upon inclusive economic growth, governance, and institutional reforms.

**Labor/Child Labor/Human Rights:** The government established minimum wage standards for employees in both the public and private sectors on the mainland. It also hosted a National Conference on Eliminating Child Labor in Agriculture in 2015 in efforts to better coordinate actions against trafficking in persons. Concerns remain with regard to freedom of association,

right to organize, collective bargaining, and the worst forms of child labor. Steps have been taken to address the gender pay gap by improving women's access to education, training, and employment

**International Terrorism/U.S. National Security:** Tanzania has put in place the legal foundation for criminalization of money laundering and terrorist financing, however implementation of the legislation has been slow. Tanzania has ratified United Nations conventions against illicit traffic in narcotics, drugs and psychotropic substances (the Vienna Convention), and the UN Convention against transnational organized crime (the Palermo Convention).

## TOGO

**Status: AGOA Eligible.**

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** Togo is enjoying a period of economic expansion that is fueled by the return of international investors, by liberalized business regulations and trade policies, and by an effort to modernize the country's commercial infrastructure. Togo's deep-water seaport and secure airport have made it a regional transshipment hub. Companies from more than a dozen countries, including the United States, are investing in Togo. In recent years, the government has passed pro-business legislation, including adopting a new investment code which prescribes equal treatment for Togolese and foreign businesses. Road infrastructure is poor, but improvements are advancing rapidly. Togo has a large informal market in pirated intellectual property, and the judicial system does not protect private property sufficiently.

**Rule of Law/Political Pluralism/Anti-Corruption:** Togo is now on the path to democratic reforms, holding multiple recent elections deemed free and fair by international observers. In April 2015, President Faure Gnassingbe was reelected with 59 percent of the vote. While corruption remains pervasive, the current administration is attempting to address corruption and those acting with impunity. Togo has increased training opportunities for police and gendarmes designed to heighten their professionalism. With assistance from the UN, Togo is exploring the creation of a Truth, Justice, and Reconciliation Committee to investigate government persecution of civilians that occurred from 1958 to 2005. Prolonged pretrial detention and lack of access to legal representation remain problems. In practice, the judiciary is controlled by the executive branch, and the court system is overburdened and understaffed.

**Poverty Reduction:** Togo adopted a new strategy for poverty reduction for 2013-2017. International assistance is resulting in an infrastructure boom which is creating jobs for Togolese in the construction industry. Public primary education is free, and the government has reduced the costs for girls to attend secondary school in an effort to encourage attendance. Budgetary constraints limit available resources to put into the social sector and key social indicators remain among the lowest in the world. However, the government launched a microfinance project that granted loans to 324,000 individuals and implemented a conditional cash transfer project benefitting 214 villages. It also constructed 265 primary schools as part of a World Bank-funded

project. In December 2015, Togo was approved for a Millennium Challenge Corporation Threshold Program, one of its top foreign policy priorities.

**Labor/Child Labor/Human Rights:** The government has made efforts to improve internationally recognized worker rights with regard to the worst forms of child labor. Despite efforts, concerns remain regarding the enforcement of labor laws, acceptable conditions of work, freedom of association and trafficking in persons. Trafficking in persons occurs primarily in children for servitude, agricultural work, and commercial sexual exploitation. Violence and discrimination against women and ethnic minorities persists. Prison conditions are harsh with serious overcrowding and poor sanitation.

**International Terrorism/U.S. National Security:** Togo has recently become a transit point for wildlife and drug traffickers and smugglers. The government response has been strong, with several traffickers arrested. Togo does not provide support for acts of international terrorism and generally supports U.S. interests on national security and foreign policy.

## UGANDA

**Status: AGOA Eligible.**

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** Due, in part, to prudent monetary policy and fiscal adjustment measures, Uganda has a stable economy. The economy grew at 5.3 percent in 2014/15 and is projected to grow at 5.8 percent in 2015/16. Uganda is a member of the East African Community and the Common Market for Eastern and Southern Africa, and trade flows have increased in recent years. Several factors impede economic growth, including pervasive corruption, declining governance, poor infrastructure, high commercial interest rates, high shipping and production costs, and difficult procurement processes.

**Rule of Law/Political Pluralism/Anti-Corruption:** The government's instinctive reaction to challenges to its power is to restrict freedom of expression, assembly, and speech. Corruption remains a huge problem, and the government is working at implementing more robust accountability systems, particularly in improving payment systems and strengthening spending controls. The judiciary remains independent, and has ruled against the government in several high profile cases, but rule of law has been hampered by a shortage of judges and judicial corruption.

**Poverty Reduction:** Uganda surpassed the Millennium Development Goal of halving poverty by 2015, and its official poverty rate has fallen more than 30 percent from 2006 to less than 19.5 percent today. Uganda has also made strong progress on education, gender equity, and HIV/AIDS prevention and treatment. The government continues to emphasize infrastructure development of roads and electricity. Uganda is at a high risk for high youth unemployment, and will need to improve its education system and create jobs through economic diversification. Infrastructure development takes up a large percentage of the national budget, and little money is left to address education, health, and agricultural development needs.

**Labor/Child Labor/Human Rights:** The Industrial Court, which arbitrates labor disputes not resolved by the district labor officers and the Commissioner of Labor, has begun operations. The government has passed a law that prohibits child pornography, launched a national child helpline to report cases of child exploitation to district officials, and conducted a child labor prevalence study. Concerns remain regarding the right to organize, freedom of association, collective bargaining, and the worst forms of child labor.

**International Terrorism/U.S. National Security:** Uganda continues to cooperate with the United States on counter-terrorism matters, and has played a leading role in the African Union mission to Somalia.

## ZAMBIA

**Status:** AGOA Eligible.

**Market Economy/Economic Reform/Elimination of Barriers to U.S. Trade:** Zambia has liberalized most aspects of its economy and almost all prices are now market-driven. Many trade barriers have been reduced, direct import and export subsidies have been removed, and the government currently maintains no currency controls. Zambia has had annual real GDP growth of more than 6 percent since 2002. However, the economy has recently faced significant challenges arising from large fiscal deficits, lower copper prices, and policy uncertainties. The government continues to impose ad hoc import and export permit requirements and other trade restrictions. Laws are mostly adequate in protecting intellectual property rights.

**Rule of Law/Political Pluralism/Anti-Corruption:** The January 2015 presidential elections were considered free and transparent by international observers. Corruption remains a problem, particularly in the executive and judiciary branches. Efforts are being made to stamp out corruption and the Anti-Corruption Commission has investigated and prosecuted several political figures.

**Poverty Reduction:** The Government of Zambia continues to implement its Poverty Reduction Strategy, seeking to diversify the economy with a strong focus on agriculture-led economic growth. Rates of rural poverty remain particularly high, and the government scaled up the Social Cash Transfer Scheme in response. HIV/AIDS prevalence is high. The 2015 national budget allocates \$1.2 billion for the education sector.

**Labor/Child Labor/Human Rights:** The government established the Prohibition of Employment of Young Persons and Children (Hazardous Labor) Order. Concerns remain particularly with regard the freedom of association, collective bargaining, and the worst forms of child labor, and the right to organize.

**International Terrorism/U.S. National Security:** In 2013, Zambia hosted the U.S. Africa Command's (AFRICOM) 2013 Africa Endeavor Command and Control Exercise. This was a significant step forward in improving relations between U.S. and Zambian militaries. The

government's ability to counter terrorist financing is limited, but it has established a Financial Intelligence Unit that is meant to meet international standards.

## ZIMBABWE

**Status: Not AGOA Eligible.**

**Market Economy/Economic Reforms/Elimination of Barriers to U.S. Trade:** A lack of clarity surrounding indigenization policies and property rights as well as the ongoing struggle within the ruling party over presidential succession, continues to have a chilling effect on foreign and domestic investment. The mining sector accounts for roughly 50 percent of export earnings and contracted 2 percent in 2014. Expenditures on civil servant wages and benefits are excessively high. The financial sector is unable to provide sufficient financing to rebuild Zimbabwe's economy. However, the economy is largely driven by private enterprise.

**Rule of Law/Political Pluralism/Anti-Corruption:** Corruption and lack of transparency are widespread. There is little political pluralism in Zimbabwe. Robert Mugabe has been Head of State since Zimbabwe's independence in 1980.

**Poverty Reduction:** The country is still recovering from the economic collapse in the 2000s, when the economy shrank by half following the government's land redistribution scheme. This had an effect on employment, infrastructure, and basic social services, including health and education. Lack of water sanitation has caused sporadic outbreaks of cholera. The HIV infection rate has declined, but a significant proportion of the population lives with HIV/AIDS.

**Labor/Child Labor/Human Rights:** The government passed the Trafficking in Persons Act that criminalizes trafficking offenses related to child labor and child pornography. Concerns remain regarding the worst forms of child labor, trafficking in persons, freedom of association, collective bargaining, and the right to strike. Laws prohibit discrimination based on race, sex, gender, disability, language, HIV positive status, or social status, but do not prohibit discrimination based on sexual orientation or gender identity.

**International Terrorism/U.S. National Security:** The Government of Zimbabwe does not support activities that undermine U.S. national security and has been cooperative on counter-terrorism issues.

### **Chapter III. Status of Regional Integration**

Over the past decade African leaders have intensified efforts to increase regional integration with the aim of achieving economies of scale and global competitiveness by linking together their relatively small and fragmented markets. U.S. companies support these efforts, as the ability to source from and sell across African borders makes potential investments much more attractive. According to the World Economic Forum, only 12 percent of total African exports are to regional neighbors, compared with 25 percent in ASEAN and over 60 percent in the European Union. This chapter examines regional integration in Africa, with a focus on the work being done by regional economic communities. (*See appendix 2 for country membership in the regional economic communities.*)

#### **The African Union**

The African Union (AU) is an overarching, continental organization of 54 countries that plays a coordinating role on trade issues. The AU aims to drive African integration and development in close collaboration with its Member States, the regional economic communities, and the people of Africa. Promoting trade flows among its members has been a consistent theme of the organization for several years.

##### *Continental Free Trade Area*

The January 2012 AU Summit of Heads of State and Government adopted a decision to establish a Continental Free Trade Area (CFTA) by 2017. The first round of negotiations on the CFTA took place in February 2016. This discussion focused on establishing procedural and methodological ground rules for the talks. The second meeting of the CFTA negotiating team began on May 16, 2016.

##### *Tripartite Free Trade Area between COMESA, EAC, and SADC*

In 2011, African Heads of State and representatives for the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC), and the Southern African Development Community (SADC) announced an effort to negotiate the Tri-Partite FTA. The Tri-Partite FTA is considered to be the first step towards the more ambitious plan of establishing the CFTA.

The Tri-Partite FTA will stretch from Cape Town to Cairo, covering 26 countries with a combined population of 632 million (57 percent of Africa's population) and a total gross domestic product of \$1.3 trillion (58 percent of Africa's GDP). Negotiations are divided into two phases. Phase I of the negotiations which is ongoing, is to focus on tariff reductions, trade remedies, and rules of origin. Phase II of the negotiations will focus on trade in services, competition policy, intellectual property rights, and investment. On June 10, 2015, Heads of State and representatives for the parties agreed to the Sharm El Sheikh Declaration, which directed member states to resolve outstanding issues from Phase I and begin negotiations on Phase II issues. Once negotiations are completed, the agreement will enter into force when it is ratified by a simple majority – 14 of the 26 member states.

## **Central African Economic and Monetary Community (CEMAC)**

CEMAC includes 11 members (see appendix 2) that have adopted a common trade policy that includes a common external tariff (CET) to imports from third countries, though with numerous exceptions. In 2009 CEMAC initiated a customs service project as a priority chapter of the Central African Transit Facilitation and Security Programme (FASTRAC) in an attempt to remove obstacles to intraregional trade and facilitate transit. The aim of the project is to interconnect the customs systems at three levels: by interlinking the customs offices along the transit corridors; by interlinking the customs services of the members; and by interlinking the CEMAC Commission, the customs services of the member states, and the Inter-State Customs Academy.

## **Common Market for Eastern and Southern Africa (COMESA)**

COMESA is comprised of 20 member states (see appendix 2). It was institutionalized as a common market in 1994. In 2000, nine member states (Djibouti, Kenya, Madagascar, Malawi, Mauritius, Sudan, Zambia, and Zimbabwe) agreed to an FTA, which was later expanded to include Burundi and Kenya in 2004. The member states attempted to launch a customs union in 2009, but not all member states have aligned their tariff regimes to the CET. COMESA has worked to reduce the cost of doing business and the movement of goods between Member States through a regional payment system, harmonization of transport regulations and standards, implementation of the COMESA Virtual Trade Facilitation System (CVFTS), the Yellow Card insurance scheme, and the Regional Customs Bond Guarantee System. In February 2016, the United States and COMESA held a Trade and Investment Framework (TIFA) Council meeting to review the U.S.-COMESA trade and investment relationship. Both parties discussed current efforts to increase U.S.-COMESA trade and investment, enhance regional integration, and improve the business environment and investment climate.

## **East African Community (EAC)**

The EAC is an organization composed of six countries (see appendix 2) in East Africa. After the establishment of a customs union in 2005, the EAC Common Market entered into force in July 2010. It provides for the free movement of goods, labor, services, and capital, in order to significantly boost trade and investments and make the region more productive and prosperous. The partner states agreed to eliminate tariff, non-tariff and technical barriers to trade; harmonize and mutually recognize standards and implement a common trade policy for the community and ease cross-border movement of persons and adopt an integrated border management system. According to the EAC, the Common Market Protocol (CMP) is a significant step towards future goals in the regional integration process, namely the creation of a monetary union and political federation. Under the CMP, the EAC Single Customs Territory came into full-force in 2015. As a result, approximately 90 percent of all goods entering the EAC via the ports of Mombasa and Dar es Salaam now clear customs only once upon entry and transit to final destination within the EAC across intra-EAC borders. This significant advance under the CMP has contributed to significant reduction in transit times from the Port of Mombasa to Kigali and Kampala. Prior to the launch of Trade Africa in 2012 it took 21 days, now containers transit in six. The EAC anticipates launching its new five-year development strategy this year which will continue to

focus in part on trade facilitating infrastructure projects such as roads, railways, inland waterways, ports and harbors. Other projects address Information and Communications Technology, energy and civil aviation.

The EAC was recently ranked as Africa's most integrated region by the African Union and African Development Bank in their "African Regional Integration Index" report. This is due in large part to its relative homogeneity, historical ties, and high-level political will (the Heads of State meet regularly to monitor integration metrics, such as quarterly Non-Tariff Barrier reports). However credit must be given to the efforts of the Trade Africa Initiative, under which USAID's East Africa Trade and Investment Hub (EATIH), TradeMark East Africa, and other donors coordinate assistance to help drive down the transit time through interventions such as customs training, one stop border posts, and electronic systems integration since 2013.

### **The Economic Community of West African States (ECOWAS)**

The main goal of ECOWAS is to promote economic cooperation among member states in order to raise living standards and promote economic development. At its inception, the main focus of ECOWAS was on economic issues, but in recent times it has also focused on security. ECOWAS has developed a peacekeeping force with a mandate to address conflicts in the region. The "ECOWAS 2020" program aims to integrate the regional market by 2020. Among the steps that ECOWAS has taken so far include the adoption of a common external tariff, effective January 1, 2015, helped standardize tariff treatment of goods entering the community. The ECOWAS Trade Liberalization Scheme aims to establish a customs union and eliminate all customs duties and taxes between member states. Other initiatives include a Common Investment Market, a Common Investment Code, and a program to enhance trade facilitation (ECOBIZ). The Trade Negotiation Capacity Building (TNCB) project, part of the ECOWAS Commission, is collaborating with the United Nations Institute for Training and Research (UNITAR) to offer training on WTO agreements and negotiations. Establishment of the U.S.-ECOWAS TIFA in 2014 led to the inaugural meeting of the US-ECOWAS TIFA Council in 2015. Topics discussed at that meeting included progress on reducing trade barriers within ECOWAS, deepening U.S.-ECOWAS trade, and the status of the West Africa-European Union Economic Partnership Agreement. A Working Group meeting under the TIFA took place in April 2016 in Nigeria to advance the work of the TIFA on regional integration and expanding U.S.-West African trade and investment.

### **The Southern African Customs Union (SACU)**

SACU is a customs union among Botswana, Lesotho, Namibia, Swaziland, and South Africa. SACU has a common external tariff, a common excise tax, and a common external trade policy. There are no import duties among members. All members except Botswana share a Common Monetary Area (CMA), and within the CMA the currencies of Lesotho, Swaziland, and Namibia are tied to the South African rand. SACU member states cannot negotiate and enter into new preferential trade agreements with third parties or amend existing agreements without the consent of other SACU member states. Additionally, member states are required to adopt common positions in negotiations with third parties. Overlapping memberships among other

regional blocs creates the possibility of trade inconsistencies. All SACU members are also members of SADC, and Swaziland is also a member of COMESA.

### **Southern Africa Development Community (SADC)**

The SADC is an organization of 15 southern African states (see appendix 2). SADC announced the achievement of a free trade area in August 2008, when 85 percent of intraregional trade amongst the partner states attained duty free status, though tariff liberalization continued through January 2012. However, to date SADC has not achieved its objective of creating a customs union.

### **The West African Economic and Monetary Union (UEMOA)**

The eight Francophone members of UEMOA (see appendix 2) are also all members of ECOWAS. UEMOA has moved faster than ECOWAS toward trade and economic integration, agreeing to free trade among its members in 1996 and a customs union in 2000. In December 2015, UEMOA entered into a memorandum of understanding with the Geneva-based International Trade Center (ITC) on a series of technical capacity building projects over five years to bolster exports and deepen trade integration. This cooperation will provide UEMOA governments support to implement the WTO Agreement on Trade Facilitation, the opportunity to work with trade and investment promotion organizations

## **Chapter IV: Status of Trade Capacity Building Assistance to Sub-Saharan Africa**

This chapter provides an overview of the trade capacity building (TCB) programs conducted by the U.S. government in sub-Saharan Africa. TCB refers to any program or initiative that increases the amount of goods that a country can trade, improves the quality of those goods, or increases market access for the people in that country. Most TCB programs focus on building human capital and infrastructure. For example, such projects can include the construction of roads and bridges, eliminating food insecurity through agricultural investment, and improving the businesses climate through training programs that help eliminate bureaucratic red tape.

### **U.S. Agency for International Development (USAID)**

USAID is the U.S. government agency primarily responsible for implementing U.S. trade capacity-building activities in sub-Saharan Africa. The TCB programs provided by USAID support the opportunities provided by AGOA and complement other multilateral efforts to expand Africa's ability to trade.

#### *Feed the Future (FTF)*

Feed the Future is the U.S. Government's global hunger and food security initiative, which establishes a foundation for lasting progress against global hunger. Through Feed the Future, USAID is working to increase job creation, expand market access, and promote agricultural growth. In the process, USAID cultivates local partnerships to help integrate trade into broader development objectives. FTF in East Africa provides technical assistance to the EAC and private sector to develop, implement, utilize and invest regional agricultural markets and trade enabled by the EAC Common Market. In addition to its support of agricultural trade through the USAID Trade and Investment Hubs, the FTF supports capacity building and policy harmonization through regional economic communities in sub-Saharan Africa. Additionally, FTF delivers programs supporting regional organizations in concluding standards and policies and provides follow-on assistance to countries with ratification. One example is the recently launched program aimed at eliminating barriers to cross-border trade in staple foods and helping increase food security in West Africa. A new five-year activity, Food Across Borders in West Africa, expands data collection on the volume and value of intra-regional trade in cereals and livestock across 13 new trade corridors over more than 7,000 miles. Through this program, USAID promotes an understanding of the benefits of regional trade, ensures that stakeholders have access to information on barriers to the free movement of agro-pastoral products in West Africa, and contributes to the formulation and implementation of regional policies and strategies for the promotion of trade in agricultural and food products.

#### *Trade Africa and Trade and Investment Hubs*

Trade Africa is a partnership between the United States and sub-Saharan African countries to increase internal and regional trade within Africa, and expand trade and economic ties among African countries, the United States, and other global markets. Under this initiative, USAID expanded its flagship Trade Hubs into Trade and Investment Hubs (Hubs). These Hubs, located in Accra, Ghana; Pretoria, South Africa; and Nairobi, Kenya, implement new and innovative

initiatives to reduce bottlenecks along major trade corridors, as well as boost exports through the formation of sustainable business associations with international membership. The Hubs are responsible for creating Source Africa, the continent’s largest apparel trade show. Moreover, the Hubs help improve food security by integrating regional markets and reducing the time and cost to move goods from areas of surplus to those of deficit. Supporting such investment allows key value chains to scale up, reaching tens of thousands of smallholder farmers and create stable, long-term employment opportunities.

In trade facilitation, the Hubs have been successful in developing best practices in customs procedures, processes and technology. For example, the Hubs have helped speed up customs clearances in Mozambique, improved customs procedures in southern Africa, and established a model for regional economic communities to harmonize standards, monitor compliance with trade protocols, and facilitate the analysis of technical trade issues. Combined, these initiatives have reduced the time, cost, and red tape long associated with trading in Africa.

In February 2016, the collaborative efforts of the Hubs generated a huge success for the largest ever African business delegation to attend the largest apparel sourcing show in the world, the MAGIC show in Las Vegas, Nevada. A total of 38 companies and associations from across sub-Saharan Africa exhibited together at the inaugural Pan-Africa Pavilion, featuring a wide range of apparel and accessories, including knitwear, denim, shawls, blankets, socks, sweaters, sportswear, polo shirts, t-shirts and bags. To promote a unified African vision at the MAGIC show, the Hubs jointly developed a common theme, “The Africa Advantage—Next generation apparel sourcing—on time, on spec, on price.” Promotional materials, including banners and a company directory, were developed collaboratively and underscored the numerous benefits of sourcing apparel from Africa, including duty savings under AGOA, labor-certified production processes, efficient and timely production standards, proximity to the U.S. and European markets and on-the-ground support from the three Hubs.

Together with market outreach support, the Hubs provided MAGIC exhibitors with tailored support services, collaborated on identification of potential leads for sales deals and jointly arranged deal-making meetings during the course of the show. As a result, each of the Hubs generated substantial business linkages, with more concrete results expected in the coming months. The Hubs have collectively agreed upon a common definition of “trade linkages” and will monitor relationships made and maintained as a result of the show, providing monthly updates on the outcomes of these relationships. To date, 325 trade linkages have been reported.

### *East Africa Trade and Investment Hub*

The East Africa Trade and Investment Hub (EATIH), based in Nairobi, Kenya, aims to encourage the diversification of exports beyond natural resources, and promote broader, more inclusive growth which will lead to more food secure and resilient East African communities. The EATIH raises awareness of opportunities for African and U.S. firms to increase trade, expand business partnerships, and invest in East Africa.

In support of the Feed the Future initiative, EATIH aims to increase access, availability and utilization of East African-grown staple foods in the region through regional initiatives that

improve market information, increase access to inputs, and reduce non-tariff barriers that can hinder trade across borders. In fiscal year 2015, EATIH identified 22 transactions for possible investment facilitation with an estimated value of \$148.2 million and closed \$26.2 million in deals. These investments have the potential to increase trade and create thousands of jobs in targeted sectors.

EATIH's trade and AGOA promotion component participated in seven key trade promotion events and facilitated 170 buyer linkages. These activities yielded \$81 million in facilitated AGOA exports -- of which textile and apparel sector exports accounted for \$64 million followed by footwear exports at \$12 million.

In fiscal year 2015, U.S. assistance to the Eastern African Grain Council through EATIH advanced coordination efforts for the full adoption of harmonized sanitary and phytosanitary standards for 22 staple foods. USAID's assistance enabled the East Africa Farmers Federation to organize business-to-business meetings to promote regional trade, resulting in signed trade commitments for over 10,000 metric tons of beans, maize, and rice.

Also in 2015, EATIH accelerated the implementation of the East African Community Protocol on sanitary and phytosanitary measures outlined under the Cooperation Agreement among the Partner States of the East African Community and the United States of America on Trade Facilitation, Sanitary and Phytosanitary measures, and Technical Barriers to Trade aimed at assisting EAC Partner States to meet WTO obligations in these areas. EATIH supported development of an implementation action plan, conducted a comprehensive audit of the Regional Food Balance Sheet to determine an appropriate course of action for further investment. EATIH also developed a Food and Nutrition Security Policy implementation strategy designed to stimulate agricultural development, eliminate hunger, eradicate poverty, and ensure food security.

USAID reports that to date, Trade Africa in East Africa has achieved three of its four targets three years early, and nearly reached its fourth target:

- Goal: Reduce by 15 percent the average time needed to import or export a container from the ports of Mombasa or Dar es Salaam to the land-locked interior  
Current Status: In collaboration with other donors in the Trademark East Africa (TMEA) project, the transit time for a container from the port of Mombasa to landlocked Kigali decreased from 21 days to six days through interventions such as customs training, one stop border posts, and electronic systems integration (a 71 percent reduction; the goal was at 15 percent reduction).
- Goal: Decrease by 30 percent the average time a truck takes to transit selected borders  
Current Status: According to the Kenya Ports Authority, the time it takes to clear cargo at the port decreased from 5.8 days from June 2013 to 3.7 days in June 2014, a 36 percent improvement.
- Goal: Increase EAC exports to the United States by 40 percent

Current Status: Through its work in trade promotion and the technical support to governments in the region, the East Africa Trade and Investment Hub has supported an increase of 29 percent in exports to the United States.

- Goal: Double intra-regional trade in the EAC  
Current Status: The support provided through the East Africa Trade and Investment Hub has resulted in an increase of 94 percent in intra-regional trade in the first 21 months of implementation (6 percent below doubling).

### *Southern Africa Trade Hub*

The Southern African Trade Hub (SATH) provided targeted technical assistance to governments, the private sector, and civil society organizations to advance regional trade within Southern Africa while incorporating gender integration, environmental compliance and strategic outreach in all activities. Since trade costs in the Southern African Development Community (SADC) are almost double the global average, SATH sought to reduce the time and cost of transporting goods across borders by deploying modern trade facilitation tools such as customs connectivity and National Single Windows in selected countries. SATH also supported the Feed the Future initiative by strengthening the competitiveness of the grain, soy, and groundnut value chains. SATH achieved this through support for activities that reduce post-harvest losses, introduce better seeds and technologies, strengthen regional agriculture institutions and support trade and investment linkages.

SATH provided technical assistance to the South African Development Community Secretariat to develop a draft regional Sanitary and Phytosanitary strategy to strengthen food safety and harmonization of standards for regional trade in food. In fiscal year 2015, SATH trained grain storage managers in standards and quality control. Through USAID-sponsored aflatoxin mitigation training and the introduction of improved processing equipment, COMACO, a Zambian peanut processor, reduced aflatoxin levels from 16 parts per billion (ppb) to 6 ppb in peanut butter, a level lower than the regulatory maximum of 10 ppb. COMACO plans to double the number of groundnut farmers from which it sources to 15,000 in 2 to 3 years. Estimates suggest that 50 percent of these groundnut farmers consist of women. With USAID, support Jungle Beat in Zambia and Vermeulen Andele Trust in Malawi adopted advanced processing technologies, and began administering Aflatoxin mitigation training programs to their 41,000 small-holder farmers. It is estimated that 40 percent of those smallholder farmers are women.

Also in fiscal year 2015, in support of implementation of the WTO Trade Facilitation Agreement, SATH continued to support the development of National Single Window systems in Malawi, Namibia and Botswana. Furthermore, SATH launched the Namibia Trade Information Portal, a powerful tool to increase and facilitate cross-border trade. Other trade facilitation programs operated by SATH include the development of the SADC's Trade Facilitation Program as well as the implementation of customs modernization in Botswana and Namibia. SATH also supported coordinated border management efforts in Malawi, and facilitated a border management workshop in Botswana. Additionally, SATH coordinated a roundtable discussion on trade facilitation in South Africa, and provided technical assistance on trade facilitation in Lesotho.

### *West Africa Trade and Investment Hub*

The West Africa Trade and Investment Hub (WATIH), based in Accra, Ghana, builds and works through a network of West African partners to expand trade and investment in targeted regionally- and globally-traded value chains. WATIH works with national and regional associations and regional economic communities, helping them serve as leaders in adopting improved practices, attracting buyers and investors, and promoting implementation of regional trade agreements. WATIH also works to improve the enabling environment by addressing transport constraints and trade barriers through support to regional public and private sector organizations to regularly document the frequency and costs of roadblocks along key regional corridors and engage in advocacy efforts designed to reduce the time and cost to trade across West Africa. The goals of WATIH are to increase the value of West African regional and global trade by over 50 percent by facilitating over \$100 million in new investment, and spurring the creation of 23,000 jobs in Hub-assisted firms. As the majority of trade in the region is agricultural, the WATIH delivers assistance under the Feed the Future initiative to promote regional trade in key agricultural commodities, including staple grains (rice, millet/sorghum, maize) and livestock (cattle, sheep, and goats).

In collaboration with the advocacy organization Borderless Alliance, WATIH is promoting an improved enabling environment for trade. In fiscal year 2015, the number of checkpoints along the corridor from Tema (near Accra) to Paga (a distance of almost 800 kilometers) was reduced and reforms were implemented to eliminate unnecessary documentation hindering regional trade such as certificates of origin for regionally traded agricultural commodities..

WATIH support to the mango, apparel, cashew, shea, livestock and cereals value chains has facilitated more than \$65 million in global and regional exports of these products. WATIH provided training and technical assistance to mango farmers and processors in Burkina Faso, Ghana, Cote d'Ivoire and Senegal on the best sanitary and phytosanitary practices for producing, harvesting, and storing mangoes has resulted in increased numbers of mangoes meeting export quality standards and over \$9 million in sales generated. In the apparel sector, WATIH is working with a number of factories to obtain and successfully orders that have already resulted in \$4 million of exports and in the cashew sector, WATIH identified a pipeline worth \$15 million in investments. In the livestock sector, WATIH has facilitated \$48 million in new sales along with \$2 million in cereals.

### *TradeMark East Africa*

USAID partners with TradeMark East Africa and serves on the Board of Directors and Donor Committee guiding the \$600 million multi-donor funded trade facilitation program to support trade facilitation efforts in east Africa, including implementation of the WTO Trade Facilitation Agreement. USAID is working with TradeMark to achieve two of the four goals of Trade Africa: reduce by 15 percent the average time needed to import or export a container from the ports of Mombasa or Dar es Salaam to the land-locked interior, and decrease by 30 percent the average time a truck takes to transit selected borders. In fiscal year 2015, TradeMark East Africa

achieved a reduction in cargo clearance time at Mombasa port to an average of four to six days from 18 to 22 in 2013. This achievement saved traders up to \$300 per transaction.

### *Trade Africa expansion to five countries*

USAID under the Trade Africa initiative is also implementing bilateral programs with five Trade Africa expansion countries—Cote d’Ivoire, Ghana, Mozambique, Senegal and Zambia—to support implementation of international and regional trade protocols in the areas of trade facilitation, sanitary and phytosanitary standards, and technical barriers to trade.

### Nigeria: USAID/Nigeria’s Expanded Trade and Transport Project (NEXXT)

USAID’s NEXXT project supports the Nigerian government’s efforts to improve trade efficiency, improve business opportunities, and expand intra-regional trade. The aim is to allow trade, particularly in agricultural products, to foster inclusive economic growth and improve overall economic development of Nigeria. The project is focused on providing technical assistance, training and institutional development support to improve transport corridor governance along the Lagos-Kano-Jibiya (LAKAJI) corridor, with the goal of reducing the time and cost to trade. NEXXT also produces feasibility studies to stimulate new, private, high value investments in agribusiness, transport and logistics along the LAKAJI corridor. Among some of the results so far, NEXXT has facilitated more than \$8 million in new agribusiness investments along the LAKAJI corridor, and supported exporting firms to obtain \$9 million in new investment and generate \$1.9 million in new exports.

### USAID Support for Other Programs

In addition to implementing its own development programs, USAID funds and coordinates trade capacity building work in Africa by other U.S. Government agencies. For example, USAID provides funding to the U.S. Department of Agriculture to support regional sanitary and phytosanitary capacity building and coordination in West, Southern, and East Africa.

### **U.S. Department of Commerce**

The Department of Commerce’s Commercial Law Development Program (CLDP) is a team of attorneys, resident advisors, program specialists, and administrative personnel who help achieve U.S. foreign policy goals in developing and post-conflict countries through commercial legal reforms. CLDP helps countries improve their commercial legal frameworks in an effort towards liberalizing and strengthening the business and trade environment. CLDP provides support to government offices, local business, research institutions and non-governmental organizations that promote private sector participation in trade policy formation and cross-border trade.

CLDP assists USAID with the Power Africa initiative which seeks to improve access to electrical power, a major challenge to sustainable economic growth in sub-Saharan Africa. Power Africa brings together resources within the U.S. government, international institutions and

African governments and the private sector, to generate investment in power resources, generation, and transmission in six African countries (Ethiopia, Ghana, Kenya, Liberia, Nigeria, and Tanzania).

CLDP's main tasks in Power Africa include technical assistance capacity building, and the drafting and explication of key provisions in Power Purchase Agreements (PPAs). CLDP has held workshops on PPAs in Tanzania, Nigeria, and Kenya, with the objective of clarifying for government and private sector actors the obligations, risks, and remedies that are found within PPAs. To that end, the CLDP has also published a handbook written by a group of experts from governments, development banks, private banks, and leading international law firms, called "Understanding Power Purchase Agreements." The handbook is intended to provide stakeholders with an understanding of the challenges involved in PPAs and insight into the practical reality of how to address the challenges.

### **U.S. Department of Agriculture (USDA)**

The USDA Foreign Agricultural Service (FAS) administers a number of agricultural technical assistance, training, and research programs in sub-Saharan Africa. USDA's capacity-building program objectives are to increase agricultural trade both regionally and with the United States, help develop trade policies based on sound science, support agricultural sector growth in partner countries and promote regional food security.

#### *Food for Progress*

Under this USDA program, U.S. agricultural commodities are donated to foreign governments, private organizations, non-profit organizations, or intergovernmental organizations in African countries committed to introducing and expanding free enterprise in the agricultural sector. Currently-active programs provide assistance valued at approximately \$977 million to the following AGOA countries in sub-Saharan Africa: Benin, Burkina Faso, Cameroon, Ethiopia, Ghana, Kenya, Liberia, Malawi, Mali, Madagascar, Mauritania, Mozambique, Senegal, Tanzania, and Uganda.

The Food for Progress Program's website is found at

<http://www.fas.usda.gov/programs/food-progress>

#### *Cochran Fellowship Program*

The Cochran Fellowship Program provides mutually beneficial, short-term training in the United States to help countries develop market-driven food systems and increase trade links with U.S. agribusinesses. The program provides two to three weeks of agricultural training in the United States for mid- and senior-level public or private sector professionals in agricultural trade, marketing, management, policy, food safety, and technology transfer. Knowledge and skills gained by the participants can help countries develop their capacities to trade and strengthen trade links regionally and with the United States. Over 1,660 Fellows from 29 countries in sub-Saharan Africa have been trained since 1984. Examples of trade capacity-building activities

include training in cotton classification, facilitating trade agreements, adhering to international standards, and sanitary and phytosanitary issues relating to trade.

The Cochran Fellowship Program's website is found at

<http://www.fas.usda.gov/programs/cochran-fellowship-program>

#### *Norman E. Borlaug International Science and Technology Fellows Program*

Established in 2004, the Borlaug Program provides short-term collaborative research training for early-to mid-career agricultural research scientists and policymakers from developing and middle-income countries. The program's goals are promising international agricultural research scientists and policymakers to increase food production and improve food security. Mentors coordinate research and training with U.S. land grant universities, USDA and other government agencies, international agricultural research centers, private companies, and not-for-profit institutions. Since 2005, approximately 450 Borlaug Fellowships, with some funding from USAID and the U.S. Department of Defense, have supported new research partnerships to strengthen scientific and human capacity in 18 countries in sub-Saharan Africa. Examples of trade capacity building activities include research in trade policy development and animal diseases that affect trade.

The Borlaug Program's website is found at

<http://www.fas.usda.gov/programs/borlaug-fellowship-program>

#### *Sanitary and Phytosanitary Projects*

Under an agreement with USAID, USDA provides sanitary and phytosanitary (SPS) advisors in East, West, and Southern Africa to coordinate and implement regional capacity building activities and policy reform efforts in plant and animal health and food safety systems, with an emphasis on harmonizing SPS regulations with international standards and increasing export opportunities for processed, horticultural, and animal products. The SPS program addresses economic diversification and SPS issues that impact food security and increase export of agricultural products, including taking advantage of the AGOA for agricultural exports. Recent activities include food hygiene, animal health protocols, an Africa Codex Delegates Colloquium, and support for fruit fly monitoring and control systems. Participating countries include Angola, Benin, Botswana, Burkina Faso, Burundi, Chad, Cote d'Ivoire, Ethiopia, The Gambia, Ghana, Kenya, Liberia, Malawi, Mali, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, Senegal, Swaziland, Tanzania, Togo, Uganda, and Zambia.

#### *Biotechnology*

USDA provides targeted technical capacity building to support a science-based approach to biotechnology for domestic use and trade. USDA has provided technical assistance to Kenya, Ghana, Nigeria, and Ethiopia. Countries that made significant progress towards improved biosafety legislation and commercialization of genetically-engineered crops include Ethiopia,

Kenya, and Nigeria. In 2015, Ethiopia passed a biosafety law that will facilitate production and trade of biotech crops and the country is moving forward with trials for genetically engineered cotton. In December 2015, Kenya issued the first permits for the contained field trial of a biotech maize, which the Water Efficient Maize for Africa project developed. This approval marks a significant step toward improved resilience for Kenya's agricultural sector. However, import restrictions on agricultural biotechnology products remains in place in Kenya. In June 2016, Nigeria issued approval for commercial release of Bt cotton and contained field trial of biotech maize, placing Nigeria on track to grow biotech products for the first time. Africa-wide, incongruous biosafety laws and regulations for genetically-engineered crops represent a barrier to trade in agricultural products.

### *Trade Promotion and Market Development Projects*

USDA FAS has conducted multiple activities over the past three years to promote business opportunities in Africa. These efforts include leading Agricultural Trade Missions (ATM) to Africa, leading African buyer delegations to key trade shows, providing export credit guarantee programs, and funding targeted initiatives with FAS industry partners. FAS led two ATMs that provided education to U.S. participants about market opportunities, promoted U.S. agricultural exports to Sub-Saharan Africa, and encouraged business partnerships with African buyers from Eastern, Western and Southern Africa.

FAS has utilized its overseas offices throughout Africa to organize and fund buying missions to regional food trade shows to meet with U.S. companies and exporters. Since 2014, these interactions have resulted in more than \$15.5 million in trade exchanges via meetings at the Gulfood (Dubai) and Americas Food and Beverage (Miami) trade shows. FAS also endorsed the Food and Hospitality Africa trade show in 2016, creating Africa's largest food, drink, and hospitality trade event.

FAS industry partners used FAS market development funds to expand U.S. product familiarity and interest in Africa. Between 2012 and 2015, FAS provided nearly \$7.5 million in Emerging Markets Program funding for more than 40 projects that provided technical assistance to Sub-Saharan Africa. These projects addressed wide-ranging topics including biotechnology education, sanitary and phytosanitary workshops, capacity building, reverse trade missions to display U.S. production methods, addressing market access issues, and retail trade and investment missions. In addition, various industry partners collaborated to use Market Access Program funds to conduct promotions, address sanitary issues with government officials, and lead capacity building projects.

In August 2014, USDA agreed to make available a minimum of \$1 billion in GSM-102 (Export Credit Guarantee) allocations to the Africa Middle East region over the span of FY 2014 and FY 2015 in support of the White House Doing Business in Africa (DBIA) initiative. This was extended through FY 2017 with the commitment of an additional \$1 billion in guarantee availability. In addition, USDA committed to follow up with program outreach efforts in the region.

## **The Export-Import Bank of the United States**

The Export-Import Bank of the United States (EXIM Bank) is the official export credit agency of the United States. The Bank's mission is to assist in financing the export of U.S. goods and services to international markets, particularly to developing markets such as those in sub-Saharan Africa. With a Congressional mandate to operate in Africa, EXIM Bank's mission includes the finance of some local costs for African importers. EXIM Bank meets its objectives through its loans, guarantees, and insurance programs. Short-term financing provides the African banking sector access to credit to finance trade for the purchase of U.S. goods by African importers. Medium and long-term financing products can assist U.S. manufacturers in selling U.S. goods to international buyers. In June 2015, EXIM Bank approved financing for the export of 144 American-made bridges to Zambia as part of a repair and modernization plan to improve rural road infrastructure.

Information about EXIM Bank's initiatives in sub-Saharan Africa, as well as more examples of import financing programs that impact infrastructure and trade capacity, can be found at: <http://www.exim.gov/about/special-initiatives-assistance/africa>

## **U.S. Department of Labor**

The Department of Labor (DOL) funds and implements a number of international development projects aimed at assisting sub-Saharan African countries to address labor related issues, such as strengthening industrial relations, promoting workforce development, strengthening social safety nets, improving workplace safety and health, assisting dislocated workers, and combating exploitive child labor in various sectors including preparing youth for acceptable work.

### *Better Work Program*

A Better Work project, operating in the garment sector in Lesotho, aims to improve labor rights in the country. The program is being implemented jointly by Government of Lesotho, the U.S. Department of Labor, and the International Labor Organization. By targeting employers and workers, the program is designed to strengthen the capacity of workers' and employers' organizations to engage in social dialogue and demonstrate progress in improving compliance with labor standards and economic performance. The participation rate of Lesotho apparel factories in this program is currently 40 percent. With a reputation for establishing and adhering to international core labor standards, this tripartite project assists in the country's goals of attracting international investment, increasing trade, and improving livelihoods for all.

### *Combating Child Labor*

The Department of Labor currently has projects in Burkina Faso, Ethiopia, Ghana, Liberia, Rwanda, Tanzania, and Uganda that aim to provide services to over 60,000 children and 16,000 households by 2019. Some of these projects target vulnerable youth aged 14-17 years by providing youth skills training using vocational training models such as apprenticeship, entrepreneurship and other work-based learning that will increase their ability to obtain and retain decent work. In Ethiopia, for example, the Engaged, Educated, Empowered, Ethiopian

Youth Project (E4Y) provides training services to 12,000 youth aged 14-17 years towards increasing jobs skills needed to secure decent work. And in Uganda, the Africa Youth Empowerment and Development Initiative (AYEDI) provides vocational training to 4,277 youths aged 15-17 years including entrepreneurial and agribusiness training as the country faces an increasing youth bulge.

For more information regarding all of DOL programming to combat child labor please visit: <http://www.dol.gov/ilab/projects/search/?q=ocft>

### **Millennium Challenge Corporation (MCC)**

MCC works in partnership with well-governed developing countries to tackle the most critical obstacles to private investment and economic growth. While MCC's program with each country is different, many MCC partner countries place a high priority on increasing their competitiveness and facilitating domestic commerce as well as regional and international trade. Since MCC was created in 2004, the agency has invested more than \$6 billion in trade-related assistance to developing countries, and more than half of that has gone to 15 of the 38 AGOA-eligible countries. This aid focuses on trade-related infrastructure such as roads and electricity, improving the productivity of small and medium-sized businesses and export-oriented industries, and leveraging policy and regulatory reforms. Such support allows countries to expand their export-oriented sectors and better utilize AGOA. Major projects have included expansions to the principal sea ports of Benin and Cape Verde, upgrades to Mali's international airport and roads for commerce in Ghana, Senegal, Tanzania, and Mozambique. MCC has also supported trade policy and customs improvements through its threshold programs in Liberia and Zambia.

### **U.S. Department of State**

The U.S. Department of State implements a number of programs that advance U.S. trade policy objectives by opening new export opportunities for American businessmen, farmers, ranchers and workers through global, regional, and bilateral trade initiatives.

#### *Property Rights and Artisanal Diamond Development (PRADD)*

The joint State Department-USAID [Property Rights and Artisanal Diamond Development](#) program (PRADD) works to strengthen property rights for artisanal diamond miners and conduct geological surveys of diamond mining regions in Côte d'Ivoire, Guinea, and (if foreign assistance restrictions allow) the Central African Republic. PRADD builds the capacity of these countries to effectively support the objectives of the Kimberly Process and export rough diamonds. PRADD Guinea closed on May 31<sup>st</sup> due to financial constraints.

#### *Safe Skies for Africa (SSFA)*

State funds the Safe Skies for Africa that is implemented by the U.S. Department of Transportation. The goal of the SSFA is to improve aviation safety, security, and air navigation in sub-Saharan African countries, thus strengthening national and regional aviation networks and improving access to world markets.

### *African Women's Entrepreneurship Program (AWEP)*

Launched in 2010, the AWEP has become State Department's flagship women's entrepreneurship program. AWEP showcases women's entrepreneurial advancement, offers networking opportunities with key American businesspeople, and provides leadership and management workshops. AWEP has grown to a network of 31 chapters with more than 1,600 women entrepreneurs in 48 countries across Africa. The State Department annually hosts 30-50 AWEP participants in the United States for three-week exchanges to attend professional development meetings and network with U.S. policy makers, companies, industry associations, nonprofit groups, and multilateral development organizations. Back home, participants are encouraged to create AWEP chapters in their country of origin as a means to share their knowledge and expand the network.

AWEP has assembled a network of private sector and foundation partners, including: Cherie Blair Foundation for Women, Intel Corporation, Women Presidents' Organization (WPO), Small Enterprise Assistance Fund (SEAF), Western Union, Deloitte Consulting, WEConnect International (WECI), Caterpillar, Inc., Caterpillar Foundation, and MicroMentor. In 2014, AWEP was designated as part of the CGI commitment in its efforts to pilot a strategic online mentoring program to integrate African women entrepreneurs into corporate supply chains. AWEP entrepreneurs receive mentoring support in a number of areas, including business management, product development and quality standards. With CGI Commitment to Action partners, WPO, SEAF, and WECI, AWEP will develop strategic mentoring and pilot procurement partnerships between U.S. women-owned firms and AWEP members.

### *MicroMentor Online Mentoring Pilot Program*

SEAF worked with MicroMentor to develop a customized online mentoring platform for AWEP. Given the unique goal of the program to improve entrepreneurs' export readiness, AWEP entrepreneurs and mentors were customized into unique groups. SEAF worked with the State Department to identify corporate and nonprofit mentors to support the program's goals. SEAF and MicroMentor also supported mentor recruitment by providing mentors from within the SEAF and Center for Entrepreneurship and Executive Development (CEED) community. CEED is SEAF's sister organization and provides business advisory services to entrepreneurs in developing markets. Sixty-eight entrepreneurs successfully joined and are participating in the online mentoring platform. The entrepreneurs are from 28 different countries, with the highest participation from Kenya, South Africa, and Tanzania.

### *WECREATE*

In August 2014, as part of the U.S.-Africa Leaders' Summit, the State Department announced a partnership with Caterpillar Inc. and Caterpillar Foundation (the AWEP-WECREATE Project) to develop three WECREATE Centers in sub-Saharan Africa. Funded by the State Department, WECREATE Centers have been developed in conjunction with AWEP, establishing three entrepreneurial centers in sub-Saharan Africa designed to provide a stable environment for women entrepreneurs to gain access to vital resources.

The AWEF-WECREATE project 1) identifies, refurbishes, and leases physical spaces for Center operations; 2) conducts entrepreneurship, business development, and gender sensitization training and related support services for women, girls, and at-risk youth; 3) manages a small grants program for AWEF chapters; and 4) builds the capacity of local partners and develops sustainability strategies through a management training program to ensure the long-term sustainability and ownership of the project. Program components include: local ownership plans; capacity building; creating agents of change; global connectivity; startup and small business loan programs; entrepreneurial exchanges; and financial services. The Centers also serve as safe-havens for women, at-risk youth, and gender-based violence survivors seeking to reintegrate into the economy through entrepreneurial ventures. This project aims to create 7,194 new jobs, 562 new startups, 630 certified mentors and coaches, and 120 male and boy champions.

The AWEF-WECREATE centers are located in Zambia and Kenya, with a third center projected to open in Mali in 2016. The Centers themselves have established partners with various local organizations.

WECREATE | Zambia. Launched on June 5, 2015, this center has co-hosted an entrepreneurship summit, two economic panel discussions, and an Extreme Build-A-Business event which trained over 300 women startup teams. In its first four months, the center trained over 4,000 women, seeded over 365 start-ups, and created over 2,100 jobs in partnership with the Zambia AWEF chapter. In Zambia, the center has partnered with Women and Law in Southern Africa WILSA; Bongo Hive; University of Zambia; Zambia Chamber of Commerce and Industry, and the Ministry of Gender and Child Development

WECREATE | Kenya. Launched on February 17, 2016, the first class of the Center's StartUp Academy began immediately after the launch. Out of 64 entrepreneurial team applications, 17 startup teams were selected to participate in the 15-week interactive and educational sessions designed to take the teams from idea to a viable business. The Center has also hosted a number of different programs and events including Build-A-Business workshops, community fairs showcasing women entrepreneurs, and pitch training sessions. The center has trained 497 participants in Build-A-Business workshops, and is currently on week 10 of the StartUp Academy Flight I training, with 13 entrepreneurs receiving weekly training and support at the Center. In total, over 550 entrepreneurs have benefited from business building programs at the center, and over 800 people have visited for WECREATE mentoring, training, and partner events. The staff continues to aggressively market and outreach locally so that more women can benefit from the business building programs. In Kenya, the center has partnered with the Young African Leaders Initiative (YALI), Founders Hive, and the Mara Foundation.

WECREATE | Mali. This Center is in the development stage and is tentatively scheduled to open in late 2017.

#### *U.S. Africa Clean Energy Finance (US-ACEF) Initiative*

The renewable energy sector offers attractive potential investment opportunities for U.S. firms. The U.S. Africa Clean Energy Finance (US-ACEF) Initiative is an innovative, collaborative

financing mechanism aligning U.S. government resources in new ways to catalyze significant private sector investment primarily focused on African renewable energy infrastructure. The three main partners under the program are the Department of State, USTDA, and the Overseas Private Investment Corporation (OPIC). Under the \$30 million program, USTDA will leverage its project planning expertise to support activities both eligible for and currently in OPIC's pipeline for private-sector transactions as well as that of other financiers. The program will help ensure that otherwise technically and financially sound projects are implemented, rather than falling short because of lack of funding for critical "last mile" activities. State Department has also funded two new OPIC offices in Africa, in Nairobi and Abidjan, to promote U.S. investment.

## **U.S. Trade and Development Agency**

The U.S. Trade and Development Agency (USTDA) helps companies create U.S. jobs through the export of U.S. goods and services for priority development projects in emerging economies. USTDA funds project planning activities, pilot projects, and reverse trade missions in partner countries. USTDA's objectives are to help build infrastructure for trade, match U.S. technological expertise with overseas development needs, and help create lasting business partnerships between the U.S. and emerging economies.

### *U.S. – South Africa Aviation Training Program*

In fiscal year 2013, USTDA approved over \$1 million for the U.S.-South Africa Aviation Training Program to support the growth of safe, reliable, aviation services in South Africa through the development of critical human capacity resources and closer professional and commercial partnerships between the U.S. and South African aviation sectors. The program includes roundtable meetings and training courses in both the United States and South Africa led by U.S. organizations and aviation training institutions. South African participants have included the Department of Transport, the Department of Public Enterprises, the Civil Aviation Authority, South African Airways, Airports Company South Africa, and the Air Traffic and Navigation Services Company of South Africa, among others. To date, five training courses have taken place. The fifth course, held in 2016, was led by the U.S. Federal Aviation Administration.

### *U.S.-Africa Clean Energy Standards Program Technical Assistance*

In 2015, USTDA approved \$490,000 in funding for the U.S. - Africa Clean Energy Standards Program, which is designed to share U.S. commercial and industrial standards information and practices with government officials and industry in sub-Saharan African countries. The goal is to ensure that decision makers who develop and implement standards, testing protocols and regulatory procedures for the energy sector, are informed of U.S. and internationally accepted industry-led standards. The program features U.S. private sector technology, expertise, best practices and resources to carry out 12 technical workshops in sub-Saharan Africa in partnership with key stakeholder entities in country.

### *Global Procurement Initiative – Botswana and Ethiopia*

USTDA signed a Memorandum of Understanding (MOU) with Botswana's Public Procurement and Asset Disposal Board in 2014, establishing Botswana as USTDA's first Global Procurement Initiative (GPI) partner country. As the first and second phases under the GPI, USTDA implemented an in-country training workshop and orientation visit to the United States for Botswanan procurement officials. For the third phase of the GPI, USTDA awarded a grant to fund two senior procurement advisors to assist the Ministry of Minerals, Energy and Water Resources in developing tenders for water and energy procurements that better incorporate value of money considerations. USTDA is reviewing proposals for potential future activities with Botswana. Botswana has shared lessons learned and provided guidance to other GPI partner countries, including Ethiopia.

In 2015, USTDA signed an MOU with Ethiopia's Public Procurement and Property Administration Agency to promote transparency and better value in procurement, and implemented an in-country training workshop for Ethiopian procurement officials as the first phase of its GPI partnership. Under the second phase, USTDA will bring 15 senior Ethiopian officials to the United States in 2016 for a procurement orientation visit. USTDA recently approved a third phase grant to Ethiopian Electric Power Corporation for a procurement advisor.

## **Chapter V: Potential Free Trade Agreements with sub-Saharan Africa**

The TPEA directs USTR to report to Congress regarding (1) sub-Saharan African (SSA) countries that have expressed an interest in entering into a free trade agreement (FTA) with the United States, (2) the viability and progress of sub-Saharan African countries toward entering into FTAs, and (3) a plan for negotiating and concluding such agreements. These issues are addressed in this chapter.

In recent years, the overwhelming focus of most SSA countries with respect to their trade relationship with the United States has been on securing renewal of AGOA, as opposed to seeking other trade arrangements. Expiration of the program in 2015 would have posed a challenge to the beneficiary countries in maintaining investments that rely on export to the United States and in securing new investment. The unprecedented ten-year renewal of the program helped to alleviate the immediate concerns of investors and exporters, and there are already indications that it has made a critical difference in the sourcing decisions of some major producers and retailers.

With the extension in place, the Administration has strongly encouraged beneficiary countries to take two parallel courses of action. First, the Administration is urging the region to take full advantage of the program during the ten-year period, including by developing AGOA utilization plans as called for in the legislation. Second, the Administration is urging beneficiary countries to begin setting their sights on a future that goes beyond AGOA, to a more stable, permanent and mutually beneficial engagement on trade and investment. AGOA was not designed to be the permanent mechanism by which the United States engages its sub-Saharan African trading partners. As sub-Saharan African countries advance in their growth and economic development trajectories our trade and investment relationship must adapt and evolve as well. This process is already underway in Africa. Already, many African countries and regional groups – some of them among the fastest growing economies in the world, with a rapidly growing population and rising middle class – are moving away from preferences and towards more advanced trade arrangements with trading partners on the continent as well as beyond it. As these agreements, like the Economic Partnership Agreements (EPAs) with the European Union, enter into effect, U.S. exporters to those markets will increasingly find themselves at a disadvantage vis-à-vis competitors, making it increasingly imperative that the United States and its sub-Saharan trading partners move towards more advanced trade arrangements as well.

### **Expressions of Interest to Date**

As noted above, the Administration has begun to engage African leaders in a discussion about a path forward beyond AGOA. In response to a Federal Register Notice requesting stakeholder input on deepening the U.S.-Africa trade and investment relationship, Kenya and Mauritius have signaled an interest in FTA negotiations. Kenya notes in its submission that “Free Trade Status” should replace AGOA for countries like Kenya, and that such status will leverage African regional trade initiatives such as the Tripartite and Continental Free Trade Areas, incentivize U.S. investment in Africa’s cross-border infrastructure, promote skills transfer, and establish Kenya as a gateway for trade with and investment into the continent.

The Mauritian submission notes that “some countries are ready now to negotiate FTAs, but others need more time to benefit from capacity building initiatives before they can initiate FTA

negotiations” and that “it might be advisable to explore initiating negotiations with a group of like-minded countries or consider bilateral FTAs with those countries which are ready.” The Mauritian submission indicates that U.S. FTAs with African countries should provide “full Duty Free Quota Free Access upon entry into force,” allow for “less than full reciprocity for LDCs for market access commitments”, provide “significant resources so as to address adjustment costs related to implementation of FTA obligations ...” and should “not only encompass goods but also cover trade in services as well as Technical requirements and Sanitary and Phytosanitary issues.”

To date, however, no African government has requested a complete assessment of FTA readiness (for example, a “gap analysis” of the type that the United States and trading partners typically conduct together prior to engaging in FTA negotiations), or indicated a willingness to undertake the full range of commitments outlined by the U.S. Congress under the Bipartisan Congressional Trade Priorities and Accountability Act of 2015 (“TPA”).

### **Viability and Progress toward Free Trade Agreements**

Over the last year, the Administration has initiated a wide-ranging discussion with African partners, industry and civil society, academia, and the investor community and many other stakeholders, both in the United States and Africa, about possible paths to move their trade and investment engagement beyond AGOA. In addition, in January 2016, U.S. Trade Representative Michael Froman hosted a full-day hearing on policy recommendations for deepening the U.S.-Africa trade and investment relationship, at which a diverse cross-section of U.S. and African stakeholders testified. Ambassador Froman also hosted a series of roundtables in Kigali, Rwanda in May 2016 with civil society, business representatives, government officials and representatives of international institutions such as the African Union, WTO, UNCTAD, the IMF, and UNECA.

What is clear from our engagement and analysis is that free trade agreements between the United States and sub-Saharan African trading partners are an important and achievable goal. However, not all sub-Saharan African countries are at the same level of development or ability to implement significant trade obligations. Moreover, not all governments exhibit the same level of political will to embrace open trade and investment regimes. To establish a viable way forward, the United States will need to craft an approach that takes those differences into account and define strategies that will improve the policies and conditions for trade and investment across this diverse mix of countries.

There may be many different options for engaging countries that are at different levels of capacity and willingness. For the most forward leaning countries, for example, comprehensive, high-standard free trade agreements may be possible in the relative short term. For others, a more incremental approach may be needed. This could take the form of negotiated flexibilities in a free trade agreement, similar to the additional time provided to Vietnam to implement some of the high-standard provisions of the Trans-Pacific Partnership agreement. Alternatively, policymakers could consider a “building block” approach. For example, with countries that are committed to reform but facing significant challenges with respect to capacity, the United States could build on the “Trade Africa” model and negotiate cooperative arrangement across vital issue areas (e.g., on such issues as SPS, TBT, TFA, investment, IP, labor, and environment). The United States could help trading partners implement these cooperative arrangements through a commitment of capacity building assistance. As countries gain in capacity, over time, they

could graduate from these cooperative arrangements to more binding and more comprehensive arrangements.

A key issue for the United States in developing this slate of options with SSA partners will be to find ways to support Africa's regional integration. Regional integration is vital for much of sub-Saharan Africa. Most of the countries in the region are small and many are landlocked. Impeded by regional trade barriers and other supply side constraints, these countries lack the scale to be able to source inputs and sell products competitively within their region and globally. But as they come together to overcome those challenges, they can create the type of conditions necessary to compete. Recognizing this has led almost all of the countries of sub-Saharan Africa to enter into RECs with their neighbors, as well as to pursue broader commitments under the Tripartite Agreement and Continental FTA initiatives. The RECs vary in terms of their level of integration, but most aspire to achieve, at a minimum, common external tariffs among their members. Some have taken the further step to move to a customs union, reflecting a significant unification of their trade regimes.

Understanding how best to leverage the RECs and the unique relationship that REC member countries have with each other will be a critical element of the assessment for U.S. and sub-Saharan policymakers going forward. Key issues will include determining whether to engage RECs as a whole, through their REC bodies, or with the individual members of RECs and, if the latter, how to engage member countries that are at different levels of development and capacity. It will also be important, in this process, to understand and navigate effectively the requirements and constraints that the RECs could impose with respect to trading arrangements with third parties.

### **Moving Forward**

While the Administration has begun to shift the conversation with sub-Saharan African trading partners to encompass potential trade and investment engagement arrangements beyond AGOA, further progress will require a commitment both on the part of the United States and our African partners to proceed in that direction. Broad support for the U.S.-Africa trade relationship has to translate into a more specific exploration of stable, permanent and mutually beneficial engagements on trade and investment. The participation of our sub-Saharan African trading partner governments and their stakeholders will be vital in this process.

To that end, the Administration intends to focus the September 2016 AGOA Forum – the chief trade forum between our countries, which will bring together high-level representatives of the AGOA beneficiary countries and the United States – on the issue of further advancing the U.S.-Africa trade and investment relationship. In the lead-up to the Forum, the Administration will issue a further report to this one that presents the case for deepening U.S.-Africa economic engagement, outlines key trends in the global trading system against which such engagement should be viewed, explores the substantive building blocks potentially important to a new U.S.-Africa trade architecture, and assesses some strategic and structural options for moving forward. These reports – and the engagement with our sub-Saharan African trading partners during the course of the September 2016 AGOA Forum – will provide a valuable springboard for the next phase of engagement with our sub-Saharan African partners on specific initiatives for moving the relationship forward. The objective will be to set in motion a process that can be carried forward in the coming years, including by future Administrations, to help ensure that by the

expiration of the AGOA program in 2025, new frameworks are in place to bring the U.S.-Africa relationship into a new age.

### **Appendix 1: AGOA Eligible Countries in 2016**

1. Angola
2. Republic of Benin
3. Republic of Botswana
4. Burkina Faso\*
5. Republic of Cape Verde
6. Republic of Cameroon
7. Republic of Chad
8. Union of the Comoros
9. Republic of Congo
10. Republic of Cote d'Ivoire
11. Republic of Djibouti
12. Ethiopia
13. Gabonese Republic
14. Republic of Ghana
15. Guinea
16. Guinea Bissau
17. Republic of Kenya
18. Kingdom of Lesotho
19. Republic of Liberia
20. Madagascar
21. Republic of Malawi
22. Republic of Mali
23. Mauritania
24. Republic of Mauritius
25. Republic of Mozambique
26. Republic of Namibia
27. Republic of Niger
28. Federal Republic of Nigeria
29. Republic of Rwanda
30. Sao Tome & Principe
31. Republic of Senegal
32. Republic of Seychelles
33. Republic of Sierra Leone
34. Republic of South Africa
35. United Republic of Tanzania
36. Republic of Togo
37. Republic of Uganda
38. Republic of Zambia

### **Sub-Saharan African Countries NOT Eligible in 2016**

- |                                 |                |
|---------------------------------|----------------|
| 1. Burundi                      | 7. South Sudan |
| 2. Central African Republic     | 8. Swaziland   |
| 3. Equatorial Guinea            | 9. Somalia     |
| 4. Eritrea                      | 10. Sudan      |
| 5. Democratic Republic of Congo | 11. Zimbabwe   |
| 6. The Gambia                   |                |

## **Appendix 2: Country Membership in Regional Economic Communities**

**African Union (AU):** All 54 countries in Africa, except Morocco.

**Central African Economic and Monetary Community (CEMAC):** Cameroon Central African Republic, Chad, Republic of Congo, Equatorial Guinea, Gabon.

**Common Market for Eastern and Southern Africa (COMESA):** Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia, Zimbabwe.

**East African Community (EAC):** Burundi, Kenya, Rwanda, South Sudan, Tanzania, Uganda.

**Economic Community of Central African States (ECCAS):** Burundi, Cameroon, Central African Republic, Chad, Equatorial Guinea, Gabon, Republic of Congo, Rwanda, Sao Tome & Principe.

**Economic Community of West African States (ECOWAS):** Benin, Burkina Faso, Cabo Verde, Cote d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo.

**Mano River Union:** Guinea, Liberia, Sierra Leone.

**Southern Africa Customs Union (SACU):** Botswana, Lesotho, Namibia, South Africa, Swaziland.

**Southern African Development Community (SADC):** Angola, Botswana, Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia, Zimbabwe.

**West African Economic and Monetary Union (WAEMU):** Benin, Burkina Faso, Cote d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, Togo.

**Appendix 3: Criteria for Country Eligibility under the  
African Growth and Opportunity Act (AGOA)**

19 U.S.C. 3703 of the AGOA statute sets forth the criteria that each country must satisfy before being designated an AGOA beneficiary. These criteria are summarized below for informational purposes only. Please see the AGOA statute for the complete text.

The President is authorized to designate a sub-Saharan African country as an eligible sub-Saharan African country if the President determines that the country:

- (1) Has established, or is making continual progress toward establishing:
  - (A) a market-based economy that protects private property rights for men and women, incorporates an open rules-based trading system, and minimizes government interference in the economy through measures such as price controls, subsidies, and government ownership of economic assets;
  - (B) the rule of law, political pluralism, and the right to due process, a fair trial, and equal protection under the law;
  - (C) the elimination of barriers to United States trade and investment, including by-
    - (i) the provision of national treatment and measures to create an environment conducive to domestic and foreign investment;
    - (ii) the protection of intellectual property; and
    - (iii) the resolution of bilateral trade and investment disputes;
  - (D) economic policies to reduce poverty, increase the availability of health care and educational opportunities, expand physical infrastructure, promote the development of private enterprise, and encourage the formation of capital markets through micro-credit or other programs;
  - (E) a system to combat corruption and bribery, such as signing and implementing the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions; and
  - (F) protection of internationally recognized worker rights, including the right of association, the right to organize and bargain collectively, a prohibition on the use of any form of forced or compulsory labor, a minimum age for the employment of children, and acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health;
- (2) Does not engage in activities that undermine United States national security or foreign policy interests; and
- (3) Does not engage in gross violations of internationally recognized human rights or provide support for acts of international terrorism and cooperates in international efforts to eliminate human rights violations and terrorist activities.

## **Appendix 4: Criteria for Country Eligibility under the U.S. Generalized System of Preferences (GSP) Program**

### **Mandatory criteria**

19 USC 2462(b)(2) of the GSP statute sets forth the criteria that each country must satisfy before being designated a GSP beneficiary. These criteria are summarized below for informational purposes only. Please see the GSP statute for the complete text.

- 1) A GSP beneficiary may not be a Communist country, unless such country receives Normal Trade Relations (NTR) treatment, is a World Trade Organization (WTO) member and a member of the International Monetary Fund (IMF), and is not dominated or controlled by international communism;
- 2) A GSP beneficiary may not be a party to an arrangement of countries nor participate in actions the effect of which are (a) to withhold supplies of vital commodity resources from international trade or to raise the price of such commodities to an unreasonable level and (b) to cause serious disruption of the world economy;
- 3) A GSP beneficiary may not afford preferential treatment to products of a developed country that has, or is likely to have, a significant adverse effect on U. S. commerce;
- 4) A beneficiary may not have nationalized, expropriated or otherwise seized property of U.S. citizens or corporations without providing, or taking steps to provide, prompt, adequate, and effective compensation, or submitting such issues to a mutually agreed forum for arbitration;
- 5) A GSP beneficiary may not have failed to recognize or enforce arbitral awards in favor of U.S. citizens or corporations;
- 6) A GSP beneficiary may not aid or abet, by granting sanctuary from prosecution, any individual or group that has committed an act of international terrorism;
- 7) A GSP beneficiary must have taken or is taking steps to afford internationally recognized worker rights, including 1) the right of association, 2) the right to organize and bargain collectively, 3) a prohibition on the use of any form of forced or compulsory labor, 4) a minimum age for the employment of children, and a prohibition on the worst forms of child labor, and 5) acceptable conditions of work with respect to minimum wages, hours of work and occupational safety and health. 8) A GSP beneficiary must implement any commitments it makes to eliminate the worst forms of child labor. 22

### **Discretionary criteria**

19 USC 2462(c) of the GSP statute sets forth the following criteria that the President must take into account in determining whether to designate a country as a beneficiary country for purposes of the GSP program. These criteria are summarized below for informational purposes only; please see the GSP statute for the complete text.

- 1) An expression by a country of its desire to be designated as a GSP beneficiary country;

- 2) The level of economic development, including per capita Gross National Product (GNP), the living standards of the inhabitants and any other economic factors that the President deems appropriate;
- 3) Whether other major developed countries are extending generalized preferential tariff treatment to such country;
- 4) The extent to which such country has assured the United States that it will provide equitable and reasonable access to its markets and basic commodity resources and the extent to which it has assured the United States it will refrain from engaging in unreasonable export practices;
- 5) The extent to which such country provides adequate and effective protection of intellectual property rights;
- 6) The extent to which such country has taken action to reduce trade distorting investment practices and policies, including export performance requirements, and to reduce or eliminate barriers to trade in services; and
- 7) Whether such country has taken or is taking steps to afford internationally recognized worker rights, including 1) the right of association, 2) the right to organize and bargain collectively, 3) freedom from compulsory labor, 4) a minimum age for the employment of children, and 5) acceptable conditions of work with respect to minimum wages, hours of work and occupational safety and health.