

## **SUMMARY: Testimony to the USITC on Trade with Sub-Saharan Africa**

- AGOA has not brought about any substantive benefits to the US wheat industry. There is little value to US wheat producers and other US agricultural growers and ranchers in continuing to use AGOA as the mode of trade with Africa.
- While the US has been allowing non-reciprocal market access into the US from African countries under AGOA, the European Union has forged ahead and is converting its equivalent of AGOA into reciprocal trade agreements.
- The European Union has out-manuevered the US in this regard and now enjoys better market access to Africa than we do on numerous agricultural products, including wheat.
- US farmers need reciprocal trading arrangements (free trade agreements) that remove tariffs, and level the playing field with other wheat exporters.
- It would be beneficial for the US commodity producers to see AGOA replaced with reciprocal free trade agreements with African countries, especially those with substantial wheat import demand.
- This would not mean the end of the development dynamic present in AGOA, typically, trade agreements with African countries will include developmental elements.
- In the period while AGOA is morphed into FTA's, the continuation of the current one-sided AGOA benefits should be accompanied by undertakings by the beneficiary countries to lower their applied MFN wheat import duties, rebate applied duties for production shortfalls to service domestic demand, and/or allocate specific quantities of their WTO minimum market access import quotas for wheat to the US, where applicable.
- SPS barriers also act as an impediment to US wheat exports, and Africa is no exception. While AGOA remains, eligibility for its preferences should also be linked to the removal of questionable SPS barriers faced by US wheat exports.
- The only FTA that the USA currently has in Africa is with Morocco.
- Africa is progressing towards a continental trade pact, the Continental Free Trade Area (CFTA). We do not however deem it feasible for the US to conclude an FTA at this level. From a wheat growers' perspective, considering the size of import demand and tariff levels for wheat, a logical starting point to proceed from for a new FTA would be to engage with the largest wheat markets in sub-Saharan Africa.
- A region-wide, Sub-Saharan African FTA scenario between the US and the region, this would lock in duty-free access to over 12 million metric tons of wheat imports for US farmers; a 50% market share would be valued at approximately \$1.4 billion annually.