



African Cotton & Textile Industries Federation

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27 June 2017

Mr Edward Gresser,
Chair of the Trade Policy Staff Committee,
Office of the United States Trade Representative

Re: OUT-OF-CYCLE REVIEW OF RWANDA, TANZANIA, UGANDA AGOA ELIGIBILITY
DOCKET USTR-2017-0008

Dear Sir

The African Cotton and Textile Industries Federation (ACTIF) is a trade association whose members come from the cotton, textile and apparel industries in 24 countries from all regions of Africa, including Rwanda, Tanzania and Uganda. Based in Nairobi, Kenya, ACTIF is the only pan-African organization that represents the full African cotton-textile-apparel value chain. Many of our members export apparel to the United States under AGOA.

AGOAs biggest success story to date has been the creation of textile and apparel manufacturing in several African countries. The cotton-textile-apparel value chain encouraged by AGOA has created literally hundreds of thousands of direct jobs and millions of indirect jobs in support sectors across several African countries.

We respectfully request that during your Out-Of-Cycle review of Rwanda, Tanzania and Uganda deliberations you consider the following:

- a. Rwanda, Tanzania and Uganda demonstrably and actively, encourage and facilitate trade with US businesses which is clearly evidenced through the significant and growing US trade surplus.

2015 AGOA exports from Rwanda, Tanzania & Uganda to USA	\$ 33 Million
2015 US exports to Rwanda, Tanzania & Uganda from USA	\$257 Million
US SURPLUS	\$224 Million

2016 AGOA exports from Rwanda, Tanzania & Uganda to USA	\$ 43 Million
2016 US exports to Rwanda, Tanzania and Uganda	\$281 Million
US SURPLUS	\$238 Million

Goods under classification HTSUS 6309.00.00 (Used Clothing) account for less than 5% of US exports to these countries in total.

While US exports to these countries has shown strong and consistent growth over recent years, US exports of Used Clothing within the same timeframe have been decreasing.

- b. A significant proportion of the Used Clothing Imports to these countries do not meet the HTSUS 6309.00.00 classification criteria, specifically that “they must show signs of appreciable wear”. Rather, a significant proportion of such Used Clothing imports are in fact overruns, unsold overstocked inventory, etc. that has never been previously worn or used.



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- c. The vast majority of Used Clothing Imports to these countries are not manufactured within the USA, nor do they undergo sufficient processing within the USA that would, under usual trade conventions, confer Origin status.
- d. The actions of Rwanda, Tanzania & Uganda are WTO compliant and do not discriminate against trade with the United States. They apply to a specific product, (a single HTSUS classification), from all countries in the world. Imports of this specific product cause irreparable harm to critical job creation industries, poverty alleviation and trade development (including with the USA) initiatives in each of the 3 countries under review.
- e. All 3 countries are committed to the protection of intellectual property rights, which is also an AGOA legislated requirement. Popularity of US owned clothing brands is high and growing in these countries and their rights, including those of licensed franchises or manufacturers, should be protected to ensure sustained growth. Goods shipped as Used Clothing are not subject to the same traceability conventions applied to all other textiles and clothing and therefore provide an opportunity to by-pass the disposal conditions of over-runs, cancelled goods and samples imposed by Brand owners. Imports of Used Clothing undermine the ability of both brand owners and Government authorities to identify fake or illegally disposed of branded (including US owned) goods.

It is therefore our opinion that the implementation of duties and/or barriers to the import of used clothing do NOT contravene the provisions of AGOA section 3703(1)(C): elimination of barriers to US trade and investment.

Furthermore, the US Government and the Governments of Rwanda, Tanzania and Uganda are in agreement that job creation and increased trade are key tools supporting poverty alleviation and improved socio-political stability. The AGOA legislation, generously provided and very much appreciated by all AGOA eligible countries has proven in many instances to support the development of labour-intensive industries, apparel being the most successful non-oil export under AGOA. Rwanda, Tanzania and Uganda have invested significantly in developing infrastructure and investment opportunities, particularly for textile and apparel industries that meet US requirements (working conditions, traceability, quality, price etc) These efforts and investments are undermined by the uncontrolled inflow of Used Clothing.

Removing or suspending AGOA benefits to these countries will further exacerbate the challenges these critical fledgling industries face and will likely stall development and therefore the job creation opportunity altogether. It would be an especially unfortunate time to impose sanctions on these “front-line” countries already facing the burden of the crisis in neighbouring countries..

We would be happy to provide any additional information that may be useful to the Committee.

Respectfully,

Belinda Edmonds
Executive Director