



**CIVIL SOCIETY STATEMENT TO THE
AFRICAN GROWTH AND OPPORTUNITIES ACT (AGOA) MINISTERIAL MEETING**

July 11, 2018

We, the undersigned civil society organizations, express our deep concern that after almost 20 years, the African Growth and Opportunities Act (AGOA) has largely failed in its objective to support the establishment of strong, sustainable and diversified economies in sub-Saharan Africa. Today, the trade preference utilization rate remains low as reflected in miniscule increases of African exports to the U.S. market. Many sub-Saharan African economies are no or minimally more diversified than prior to the establishment of AGOA and most exports under the act are raw materials, like petroleum and minerals, with minimal value added. Even where there has been economic growth attributable to AGOA-eligible exports, the benefits have not been broadly shared among the populations, especially women and historically marginalized groups, largely due to the absence of collective bargaining, gender responsive approaches and other labor market and economic empowerment interventions. These measures are essential if a nation's economy is to serve more than a small elite.

In 2015, AGOA was reauthorized, likely for the last time, and will expire in 2025. With only seven years remaining, we hope that the U.S. and sub-Saharan African governments will work to maximize AGOA's potential. However, extending AGOA alone will not address the fundamental challenges that explain why AGOA has been underutilized. AGOA alone cannot work without structural economic transformation that will help sub-Saharan African nations move from the export of primary to value-added goods, alongside meaningful implementation of a range of human rights and development commitments including the Solemn Declaration on Gender Equality in Africa (2004) and Agenda 2063.

In this light, we offer observations and recommendations to the governments of sub-Saharan Africa and the United States so that progress might be made towards building economies that work for all Africans.

I. ECONOMIC DIVERSIFICATION

Observations

Today, Africa has the lowest share of global trade in goods and services, and that share has been shrinking. AGOA has not provoked substantially greater economic diversity and exports as was hoped. Crude oil still accounts for nearly half of all AGOA imports to the United States. Few new industries, such as textiles and apparel, have emerged to take advantage of the roughly 6,500 tariff lines. The 2015 AGOA reauthorization included a requirement to develop utilization strategies to encourage greater diversification of exports. However, many sub-Saharan African countries have yet to develop one, and those that have done so have made no plans on how to address, for

example, worker rights. While AGOA has attracted some foreign investment in manufacturing, largely from Asia, this investment has limited linkages to domestic supply chains. Foreign investors generally have not made investments for the long term, staying on only for the duration of preferential schemes. These investments have also not resulted in decent work opportunities. Many of these industries rely on young women working in precarious conditions for very little pay, without the ability to exercise their fundamental worker rights.

Recommendations

To sub-Saharan African Governments:

- Countries should prepare biennial AGOA utilization strategies to better utilize the benefits available under AGOA. These must be developed in consultation with a full range of stakeholders, including trade unions, workers groups, civil society and gender equality advocates, and include plans on how to comply fully with AGOA objectives and eligibility criteria, including the provisions on human rights (including gender equality), worker rights, and transparency.

To the U.S. Government:

- Support the development of comprehensive AGOA utilization strategies.
- Ensure that regional economic cooperation projects advance industrialization and encourage backward and forward linkages, technology and skills transfer to help develop local value chains in line with international standards on human rights, labor laws and gender equality.
- Support intra-African trade and the creation of regional supply chains as a critical part of facilitating Africa's industrialization.
- Support open and frank exchanges regarding measures to industrialize sub-Saharan Africa.
- Refrain from a short-term move toward bilateral or regional trade agreements.

II. WORKER RIGHTS

Observations

The sub-Saharan African region ranks particularly low when it comes to the protection of worker rights, as many countries continue to try to compete based on low wages and low labor standards. In the ITUC's annual index, the region ranks the second lowest, only behind the Middle East and North Africa region. Young women working in the lowest levels of value chains, informal workers, and women small holder farmers have suffered from extreme inequality due to their gender and structural economic conditions. The promotion of the fundamental rights of workers is directly related to a country's success under AGOA. The Organization for Economic Cooperation and Development has found that the adoption and enforcement of core labor rights is essential to broad-based economic development, stating: "Countries which strengthen

their core labor standards can increase efficiency by raising skill levels in the workforce and by creating an environment which encourages innovation and higher productivity." It also found that "any fear on the part of developing countries that better core standards would negatively affect either their economic performance or their competitive position in world markets has no economic rationale." The International Labor Organization has also found that where labor institutions are not involved, industry tends to jump from country to country seeking lower labor costs—as is often the case in sub-Saharan Africa. Where labor institutions are involved, industry tends to stay and invest long term due to a more stable labor market. Discrimination in employment against women, ethnic minorities and migrant workers also significantly limit the economic potential of many sub-Saharan African countries.

Recommendations

To sub-Saharan African Governments:

- Ministries of Trade must work closely with Ministries of Labor to develop a coherent plan for the promotion of internationally recognized worker rights in law and practice, with meaningful consultation with trade unions, workers associations and gender equality advocates, and include that plan in AGOA utilization strategies.
- Ensure that AGOA utilization strategies also incorporate plans to promote the creation of decent work opportunities, including training and skills building and promoting sectoral collective bargaining in export-oriented sectors.
- Further, promote labor protections for workers in the informal economy and adopt a plan to transition from the informal to formal economy consistent with ILO Recommendation 204.
- Labor and employment ministries should be fully funded to deliver their mandates.
- Actively promote social dialogue mechanisms between worker and employer organizations.

To the U.S. Government:

- Create a robust process for proactive oversight of the worker rights eligibility criteria and enhance engagement, including by sector, with governments on critical lapses in compliance.
- Support capacity building to enhance the ability of workers to assert their rights.

III. HUMAN RIGHTS AND CLOSING CIVIL SOCIETY SPACE

Observations

While there are important differences among sub-Saharan African countries, realization of human rights commitments remains a challenge in the region. This includes disregard for the right to freedom of peaceful assembly, including lethal crackdowns on peaceful protestors. Several governments have imposed unlawful restrictions or bans on peaceful protests, and protestors have faced mass arrests, beatings and excessive use of force particularly in the run-up to elections. Opposition political party members, trade union

activists, human rights defenders, feminists and women's rights advocates, and politically active students have been targeted in many countries and faced torture and other ill-treatment. In several sub-Saharan African countries, freedom of association is restricted through burdensome requirements for the establishment of civil society organizations and intrusive government control thereafter. Restrictive legislation preventing civil society organizations from accessing freely accessing funds from international sources remains a key impediment to the enabling environment. Furthermore, freedom of information and expression remains restricted including through restrictive social media laws and attacks on media persons and civil society leaders exposing corruption and human rights violations. In sectors benefiting from AGOA, businesses are engaging in human rights violations without sanction and with impunity. In the Democratic Republic of Congo, for example, workers, including children, faced extreme hazards in cobalt mines to extract a key mineral for electronics manufacturing. For this difficult and dangerous work, workers earn roughly a dollar a day. Failure to hold to account those responsible for human rights violations, including transnational corporations, has led to an environment of impunity and driven continuing violations and abuses.

Recommendations

To sub-Saharan African Governments:

- Support effective national justice mechanisms and regional mechanisms such as the African Commission on Human and Peoples' Rights.
- Respect and uphold regional and international human rights obligations regarding freedom of assembly, association and expression including but not limited to the African Charter on Human and Peoples Rights and the International Covenant for Civil and Political Rights.

To the U.S. Government:

- Support efforts to strengthen national judiciaries as well as regional structures on human rights.
- Work with U.S. businesses operating in or sourcing from sub-Saharan African counties to take proactive measures to ensure that human rights are respected in supply chains, and remedies are available if rights are violated.
- Support civil society organizations and human rights defenders--including labor activists—and their right to operate freely.

IV. GENDER EQUALITY

Observations

Women, especially rural women, are the backbone of African economies but are marginalized by widespread economic inequality and discrimination, despite the fact that many sub-Saharan African countries have defined gender equality, and women's economic empowerment in particular, as a priority in its own right and as an instrumental strategy to achieve sustainable growth. For example, the World Health

Organization estimates that 45 percent of Africa's women experience intimate partner violence or non-partner sexual violence during their lifetime. Women's labor force participation has remained unchanged over the last decade, with more women working in vulnerable forms of employment, a reflection of both the prevalence of poverty and a lack of access to social protection. The UN Development Program estimates that, because of women's underused potential due to the burden of unpaid care work, the annual economic losses to sub-Saharan Africa could exceed 6 percent of gross domestic product. According to the 2015 African Gender Scorecard, if the current rate of progress continued unchanged, it would take Africa at least another 81 years to achieve gender equality and women's rights.

Recommendations

To sub-Saharan African Governments:

- Prioritize and fully implement national and regional commitments on gender equality and women's rights—including The Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa—and ensure that women from all groups can benefit from AGOA equally and meaningfully.
- Support and implement gender responsive approaches to trade development and promotion, including support for female leadership, investing in infrastructure and services to reduce and redistribute women's unpaid care work, and zero tolerance policy to violence and harassment, including violence and harassment at work.

To U.S. Government:

- Work with U.S. businesses in Africa to take proactive gender responsive measures to ensure promotion and respect for gender equality in their value chains.
- Support capacity building to enhance women's access to education and skills to engage in international trade.

V. CORRUPTION AND ILLICIT FINANCIAL FLOWS

Observations

Achieving inclusive growth, job creation and shared prosperity in Africa depends on capturing revenue streams that are currently lost through tax evasion and corruption. International corporations, particularly in the extractive sector have deprived African nations of billions of dollars in revenue through tax evasion, avoiding customs duties, transfer pricing, and lucrative concessions obtained through bribery. The Final Report of the High-Level Panel on International Financial Institutions from Africa estimates that over the last 30 years as much as \$1.4 trillion, or an estimated \$60 billion annually, has been "illegally earned, transferred or used." The UN Economic Commission for Africa "estimates that between 2001 and 2010 African countries lost up to \$407 billion from trade mispricing alone." Corruption in public office constitutes a major obstacle to the collection of revenue and investment in long-term growth and prosperity and threatens the rule of law. Institutions can quickly lose their legitimacy if misused. Further, corrupt

politicians often misdirect scarce resources to projects that will benefit them rather than the nation. Even though the majority of countries have anti-corruption laws and institutions in place, there is insufficient political will and resources committed to anti-corruption.

Recommendations

To sub-Saharan African Governments:

- Create, fund and politically support anti-corruption agencies.
- Allow for public scrutiny of resource extraction transactions by making related financial information publicly available.

To the U.S. Government:

- Support efforts to enable people to take part in how they are governed and to hold officials accountable to the people they serve.
- Support measures to strengthen democratic institutions and the rule of law and other oversight mechanisms.
- Work with U.S. businesses and other stakeholders to combat corporate corruption, including robust enforcement of the Foreign Corrupt Practice Act.

V. INCLUSIVITY

Observations

To date, too few civil society organizations, from Africa or the United States, have had a meaningful role in the development and implementation of AGOA-related policies. Indeed, the majority of organizations issuing this declaration have not previously participated in AGOA related events, nor have they been consulted in advance of important decisions by our respective governments – despite the fact that we represent members and have expertise on matters directly related to economic development, trade or one or more of the eligibility criteria. The absence of these key voices is evident by the fact that AGOA has not lived up to its potential to foment sustainable growth and address issues of human rights, gender equality, worker rights and good governance.

Recommendation

To the sub-Saharan African and U.S. Governments

- Support regular and meaningful dialogues that are inclusive of civil society groups, as well as the creation of a more robust and representative AGOA Civil Society Forum.

CONCLUSION

The United States, working in concert with sub-Saharan African nations and civil society, should take the above recommendations to heart in crafting a new trade and investment policy based on support for industrialization and structural transformation that advances decent work with fundamental worker rights, social protection floors and gender equality, equality, and that stems the corruption that deprives Africans of equitable growth, good governance and the rule of law.

ActionAid USA

African Regional Organization of the International Trade Union Confederation

American Federation of Labor-Congress of Industrial Organizations

Botswana Federation of Trade Unions

CIVICUS: World Alliance for Citizen Participation

East African Trade Union Confederation

International Labor Rights Forum

Jubilee USA Network

Just Jobs

Organization of Trade Unions of West Africa

Norwegian Confederation of Trade Unions

Rethinking Bretton Woods Project at the Center of Concern

Solidarity Center

Southern Africa Trade Union Coordinating Council

United Methodist Church, General Board of Church and Society

Zimbabwe Congress of Trade Unions