MADAGASCAR NATIONAL AGOA STRATEGY

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Preface

This preliminary document was prepared as part of a strategy formulation process that ran from November 2014 to March 2015.

The document was reviewed, discussed, and validated at a workshop held in Antananarivo, Madagascar, in March 2015.

The Madagascar Ministry of Commerce leads this project, in coordination with the Ministry of Industry, with support from the United States Agency for International Development (USAID) East Africa Trade and Investment Hub (EATIH or the Hub). The USAID East Africa Trade Hub developed the preliminary document

Contents

Acronyms

ACTIF	African Cotton & Textile Industries Federation
AGOA	African Growth and Opportunity Act
CVS	Chief Value Synthetics
EDBM	Economic Development Board of Madagascar
ECA	East and Central Africa
EATIH	East Africa Trade and Investment Hub
GEFP	Groupement des Entreprises Franches Partenaires
GSP	Generalized System of Preferences
HIPC	Heavily Indebted Poor Countries
IMF	International Monetary Fund
ITBM	International Trade Board of Madagascar
ITC	International Trade Center
ITD	International Trade Division
LDC	Lesser-Developed Country
MCC	Ministère du Commerce et de la Consommation
MIDSP	Ministère de l'Industrie et du développement du secteur privé
MFA	Multi Fiber Arrangement
MFN	Most Favored Nation
MTPU	Madagascar Trade Promotion Unit
PVH	Phillips van Heusen
PSI	Policy Support Instrument
SSA	Sub-Saharan Africa
TCFP	Third Country Fabric Provision
TPO	Trade Promotion Organization
UNCTAD	United Nations Conference on Trade and Development
U.S.	United States
USAID	U.S. Agency for International Development
WTO	World Trade Organization

Executive Summary

Madagascar was removed from African Growth and Opportunity Act (AGOA) eligibility on January 1, 2010 following a 2009 coup d'état.

Successful elections in late 2013 led to the formation of Madagascar's first democratic government since the 2009 coup. The United States has taken steps to normalize relations with Madagascar, lifted all coup-related restrictions on direct assistance to the Malagasy government, and invited President Rajaonarimampianina to attend the U.S.-Africa Leaders Summit in Washington in August 2014.

The decision to reinstate Madagascar's AGOA eligibility recognizes the nation's return to democratic rule, as well as President Rajaonarimampianina's commitment to promote transparency, combat corruption, and begin rebuilding Madagascar's economy. Ambassador Froman said, "We are pleased that Madagascar has returned to the family of AGOA nations. We are hopeful that Madagascar will take advantage of AGOA's potential to create employment, expand bilateral trade, and contribute to the economic well-being, security, and health of its people."

In sub-Saharan AGOA-eligible countries, the textiles and apparel sector grew annually at an average rate of 5 percent since AGOA's adoption. Leading non-textile/apparel exports grew annually at as much as 23 percent between 2001 and 2006 and an overall rate of 12 percent since 2001. Preferential access to the U.S. market had contributed to the creation of significant manufacturing activities in Madagascar up to 2009.

Madagascar was formally reinstated as an AGOA-beneficiary country on June 26, 2014, but has yet to restart exporting significant volume to the U.S. under the program. Madagascar exports of textile and apparel will very likely return as the number one sector. Other sectors will also take advantage of AGOA.

Compared to other East African countries, Madagascar's manufacturing sector is more export driven. Madagascar needs to take advantage of AGOA and re-establish trade links with the U.S. in existing and new sectors.

AGOA offers Madagascar opportunities that it cannot afford to pass up. The U.S. is a huge market that offers Madagascar's companies considerable opportunities for business growth. Therefore, the government and the private sector must do what they can to push for AGOA's extension beyond 2015, when it is set to expire. Preferential market access is needed until Madagascar competitiveness and structural constraints are alleviated.

Supporting the growth of exports to the U.S. will require specific sector support to address barriers to U.S. market entry such as market knowledge, buyer linkages, and addressing non-tariff barriers such as U.S. sanitary and phytosanitary requirements. Support of this kind will require considerable resources, both public and private. Targeted sectors will therefore need to be carefully selected.

Finally, all businesses in Madagascar face market barriers that make doing business difficult and costly. These are not unique to firms that are doing business with the U.S., but they are too fundamental to leave unaddressed. Therefore, the AGOA strategy will actively focus on the general business barriers faced by Madagascar's entrepreneurs, and specifically those that disadvantage firms that export to the U.S.

The objective of the AGOA strategy is to support the ability of Madagascar's firms to successfully sell into the U.S. market, leveraging every opportunity that AGOA provides.

The AGOA Strategy will focus on:

- Area 1 Trade policy
- Area 2: Business support in view of U.S. trade specifics
- Area 3: General business support

It will also recommend some specific innovative approaches that can be replicated, based on some recent success stories in Madagascar and in EAC countries

- The EDUN model
- The PVH model
- The U.S. Madagascar Trade Promotion Team

Situation Analysis

The AGOA Deal

A summary of the AGOA's evolution is provided in Annex I. Key provisions of AGOA since its inception include:

- The African Growth and Opportunity Act (AGOA) passed as part of the Trade and Development Act of 2000, which provides beneficiary countries in sub-Saharan Africa (SSA) with the most liberal access to the United States (U.S.) market available to any country or region with which the U.S. does not have a free trade agreement.

- The thinking behind AGOA was based on the existing Generalized System of Preferences (GSP), used in the international trade regime since 1971. This is a non-reciprocal concession under which developed countries allow duty-free or low-duty entry of imports from selected developing countries up to a certain limit or quota, covering 4600 products. However, in the case of the U.S., it excluded critical developing world exports, such as textiles, clothing and footwear. It was also subject to political influence, and could be withdrawn.

- AGOA built on the same idea but expanded product coverage by an additional 1800 product lines (which have since increased further) and have included many critical developing world exports, especially textiles and apparel. Local content restrictions were also subsequently eased for particular products.

- A major thrust of AGOA has been to support the ability of African economies to use the textile and apparel sectors as potential engines of economic growth, in much the same way as historically happened in South and South East Asia.

- A "special rule" named Third Country Fabric Provision (TCFP) permits lesser-developed AGOA beneficiary countries to utilize fabric manufactured anywhere in the world, unless the fabric is designated as being in 'abundant supply' from within sub-Saharan Africa.

Results to Date

AGOA has had a clear impact in stimulating Africa-U.S. trade. All exports, including energy related products, from AGOA-eligible countries have grown over 300 percent, from $21.5 billion in 2000 to $86.1 billion in 2008. It has created more than 300,000 jobs, many of which are in the apparel sector, an industry that provides employment opportunities for women.

However, the end of the Multi Fiber Arrangement (MFA), which imposed quotas on the amount of textile and apparel developing countries could export to developed countries in 2005, led to a collapse in growth in 2007-2009. Because export restrictions did not apply to many lesser developed countries, the MFA enabled industry growth in these countries. With the end of the MFA came increased competition, mainly from China, whose textile and apparel exports flooded the U.S. market. Coupled with the onset of the American recession in 2009, textile and apparel exports experienced a drastic decline. Fortunately, we are currently seeing a steady growth in other East African Countries, mostly Kenya and Ethiopia.

Total two-way trade, including non-AGOA products, between sub-Saharan African countries and the United States has grown significantly since the inception of AGOA. African goods exports to the U.S. far exceed imports from the U.S. resulting in a trade balance in favor of African countries.

Madagascar Economic Background

After discarding socialist economic policies in the mid-1990s, Madagascar followed a World Bank- and IMF-led policy of privatization and liberalization that has been undermined since the start of the political crisis. This strategy placed the country on a slow and steady growth path from an extremely low level. Agriculture, including fishing and forestry, is a mainstay of the economy, accounting for more than one-fourth of GDP and employing 80% of the population.

Exports of apparel boomed from 2000 to 2009 primarily due to duty-free access to the U.S., however, Madagascar's failure to comply with the requirements of AGOA led to the termination of the country's duty-free access in January 2010 and a sharp fall in textile production, partly alleviated by a rise of Exports to the EU.

Deforestation and erosion, aggravated by the use of firewood as the primary source of fuel, are serious concerns.

Tourism dropped more than 50% in 2009 compared with the previous year, and many investors were wary of entering the uncertain investment environment. Growth was anemic during 2010 to 2012 although expansion in mining and agricultural sectors is expected to contribute to more growth in 2015.

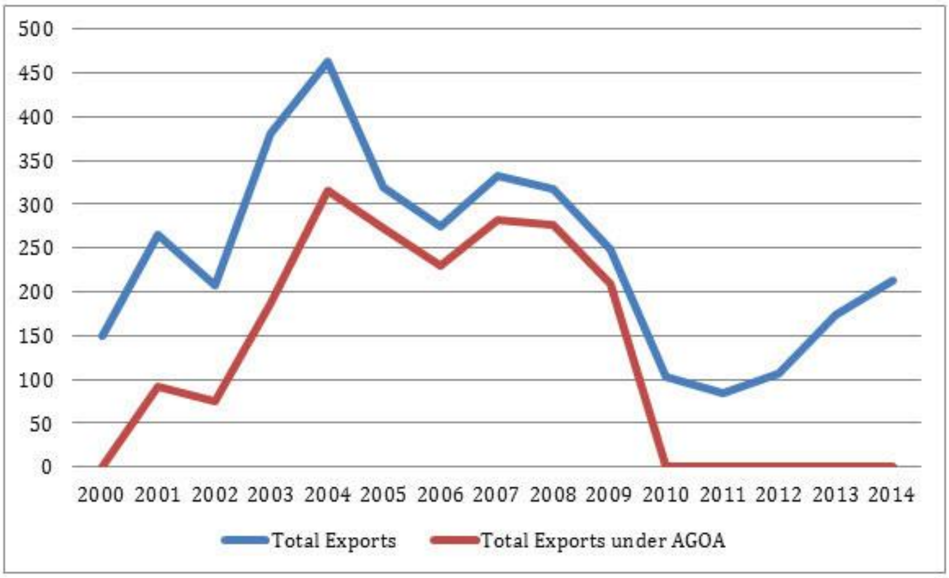
A new government was democratically elected in January 2014. Madagascar was reinstated as an AGOA-eligible country in June 2014.

The suspension of Madagascar's AGOA privileges following its 2009 coup needs to be studied to measure the impact of a tariff preference program on the recipient developing country, and then, subsequently, the impact of its removal.

Using available bilateral trade data from the U.S. Department of Commerce and the U.S. International Trade Commission to investigate Madagascar's export performance in each of those two periods generates a number of useful and interesting insights.

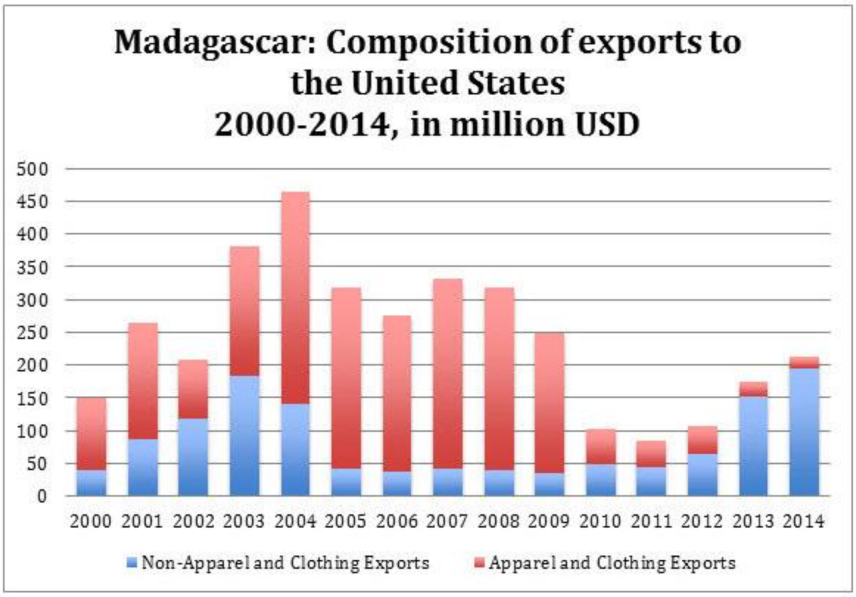
Madagascar's total exports to the U.S. declined following the loss of AGOA eligibility. However, a closer look at the composition of total exports shows that not all sectors were negatively affected by the sanctions. In particular, textile exports to the U.S., which surged under AGOA, fell abruptly while non-apparel and clothing exports gradually increased. The apparel sector lost most of their U.S. clients.

Madagascar: Total exports to the United States, 2000-2014, in million USD



The quasi-totality of the Malagasy exports that entered the United States under AGOA preferences was composed of articles of apparel and clothing accessories. This concentration was strongly facilitated by the third-party fabric rule of origin. When Madagascar lost its privileges, its apparel and clothing exports to the U.S. dropped sharply by 85 percent.

Madagascar: Composition of exports to the United States 2000-2014



U.S.-Madagascar Trade Relationship

The U.S. and the Common Market for Eastern and Southern Africa (COMESA), which includes Madagascar, signed a Trade and Investment Framework Agreement (TIFA) in 2001.

U.S.-Madagascar Trade Facts
Madagascar is currently the U.S. 145th largest goods trading partner with $244 million in total (exports plus imports) goods trade during 2013. Goods exports totaled $64 million; Goods imports totaled $180 million. The U.S. goods trade deficit with Madagascar was $116 million in 2013.

Exports
Madagascar was the United States' 164th largest goods export market in 2013.
U.S. goods exports to Madagascar in 2013 were $64 million, down 0.3% from 2012.
The top export categories (2-digit HS) for 2013 were: Machinery ($35 million), Electrical Machinery ($5 million), Aircraft ($3 million), and Fats and Oils (soybean oil) ($3 million).

Imports
Madagascar was the United States' 112th largest supplier of goods imports in 2013.
U.S. goods imports from Madagascar totaled $180 million in 2013, a 63.6% increase from 2012. The top import categories (2-digit HS) for 2013 were: Nickel ($50 million), Coffee ($50 million), Special Classification Provisions ($18 million).

Trade Balance
The U.S. goods trade deficit with Madagascar was $116million in 2013, a 153.8% increase from 2012.

The Need to Become Competitive in a Changing Global Landscape

Despite these achievements, there have been concerns about the future.

In general terms, the advantages of AGOA – as with all preference systems – are eroding over time, as they are relative to a most-favored nation (MFN) tariff that will likely decline with further multilateral liberalization.

More specific concerns relate to:

1. **How competitive will Madagascar be in the future?**
2. **How sustainable is the development of each sector?**
3. **Why are some sectors facing specific difficulties?**

In 2005, the end of the global MFA, which allowed countries to impose varying restrictions such as duties and quotas on textile-related imports from specific countries, meant that the U.S. market became open to increased apparel imports from China, India and Southeast Asia.

Although U.S. restriction on Chinese exports have somewhat reduced the effects of the opening of the U.S. apparel market, it remains to be seen how long they will last. Moreover, benefits offered exclusively to African countries are not WTO-rule compliant, meaning that they may have to be extended to other lesser-developed countries, such as Vietnam and Bangladesh, which are more competitive than Madagascar's producers. However, these new competitors will have less impact on Madagascar because some operators are currently developing products of higher value in terms of creativity and fashion.

Madagascar's industry struggles to stay competitive against its global rivals.

Madagascar also faces competition from India, Bangladesh and Vietnam, all with strong textile and apparel sectors. Although India's sector incurs the same restrictions as China, U.S. policy-makers are finding it increasingly difficult to justify trade advantages offered to African countries over Bangladesh and Vietnam, which share similar economic indicators. According to the World Trade Organization, developed countries should extend preferential access to all developing countries - not just African nations.

Time may be running out on AGOA, but not necessarily because of the 2015 expiration date that will most likely be renewed. Instead, it's unclear whether the economic advantages of AGOA will still exist for African countries. Madagascar's textile and apparel exporters will thus need to develop a business advantage over their competition based on firm-level advantages, rather than advantages offered by U.S. trade policy.

Although Madagascar has developed a frame work for investment, a feasibility assessment of whether the country can develop an industry that meets quality and quantity end-market requirements at globally competitive prices should precede major investments.

The operators often express concerns regarding the capacity of Madagascar to support a cotton and textile supply sector. It is questionable whether Madagascar's apparel exporters can compete on the global market without a local textile industry. The question of how long it will take and the necessary steps needed to become competitive must be considered.

Currently, Madagascar apparel firms will compete internationally thanks to a mix of trade policy advantages, and firm and country-level advantages. Changing this requires careful analysis of where and how Madagascar can increase business-based advantages in the context of a level international playing field. Only then can the industry take the necessary action steps towards increased competitiveness.

Given the strong global competition and the internal competition within AGOA-eligible countries, Madagascar cannot rely on one sector alone. A multi-sectorial approach has to take advantage of the market opportunities that AGOA offers.

The Textile and Apparel Sector

The U.S. market is the largest consumers market in the world. To study the U.S. market in each of the sectors analyzed in this strategy requires detailed U.S. end-market analysis. Such an End-Market Analysis is available for the apparel sector, see annex.

To better understand what AGOA brought to the Madagascar apparel sector up to 2009, it is interesting to analyze which companies, including uniforms importers, brands, retailers were sourcing from Madagascar from 2000 to 2009.

U.S. firms

- Browning
- Champro
- The Gap, discontinued in 2007. In 2005, The Gap accounted for an estimated 27% of all Apparel production in Madagascar
- Gloria Vanderbilt-VF group
- Jones Apparel- VF group
- Jordache
- Kohls
- Levis
- Nautica
- Old Navy
- Orvis
- Reebok
- Wal-Mart
- Williamson Dickies

European firms

- Christian Dior Baby

- Decathlon
- Ellis
- Jacadi
- Kiabi
- Lotto
- Marks & Spencer
- Okaidi
- Otto Versand
- Petit Bateau
- Pimckie
- Vert Baudet- PPR

In 2009, almost all U.S. buyers left the country, partly replaced by the large European retailer Decathlon.

In its first stage, the new Madagascar AGOA strategy needs to attempt to bring back these operators to the Red Island.

AGOA will have a positive impact on Madagascar's textile and apparel sector if appropriate policies are implemented and some recent investments are increased and replicated.

Foreign and regional investors are currently investing in Ethiopia, Kenya, and Uganda. Even if efficiency and productivity still need to improve, these textile mills should show the way for more textile investment in Madagascar.

In the making of basic products like uniforms, very often made of a blend of cotton and synthetic fiber, Madagascar will find the highest tariff advantage. When a garment is made of more than 50% synthetic fibers like polyester, rayon viscose, or polyamide (Nylon), the applicable U.S. tariff for non-AGOA exports to the U.S. can go up to more than 30%, providing a significant competitive advantage.

There are numerous examples of CVS (Chief Value Synthetics) products currently in high demand in the U.S. For example, polyester/cotton products in the uniform industry and triblends (polyester/rayon/cotton) in the women's fashion sector are currently manufactured in other AGOA countries like Kenya or Mauritius.

The emergence of new products will enable diversification of Madagascar's textile and apparel resulting in business opportunities. Given that Madagascar is an island country, air shipping may be attractive to some buyers. A good example of this could be the sewing of children's clothing. These lightweight garments are cheaper to ship by air.

Madagascar operators' skills in handmade embroideries and long-established traditional cottage-industry craftsmanship are a competitive advantage in the creative making of these products.

Given that AGOA specifically sought to encourage Africa's movement into the textile and apparel export market, this sector should be the first to be actively promoted in the U.S. market.

Madagascar is currently the place of a very attractive business model, which could be replicated in other sectors.

The EDUN Model

Established in 2005, Edun is a fashion brand inspired by Africa whose core values are beauty and transformation. Its founders, Ali Hewson and U2 singer Bono, have a lifelong love for the continent. Edun aims at encouraging other fashion brands to do business with Africa, in order to help attract more volumes of trade to sub-Saharan Africa.

Since its launch, Edun has sourced globally from various countries both in and out of Africa, including Peru, Tunisia, Tanzania, Kenya, **Madagascar**, Morocco, Uganda. In 2007, Edun launched the division Edun Live, a tee-shirt business which is 100% grown and sewn in Africa. The company actively works to increase trade with Africa and it is aiming to have more than 80% of its fashion collection produced in Africa in 2015. The brand is continually looking for new opportunities in Africa to support, provide trade and visibility for local businesses.

Wherever Edun is present, it requires all factories to respect legal labor laws and health, safety, as well as good working conditions. Edun engages independent auditors to conduct checks every six months to ensure its code of conduct is being met and works with factory owners to recommend improvements.

Edun established partnerships with the Wildlife Conservation Society (WCS) and Invisible Children and helped to set up the Conservation Cotton Initiative Uganda (CCIU), which is a farming program that provides funding, training and enterprise support to cotton farmers and their families in Northern Uganda.

In 2009, LVMH group bought a significant stake in Edun. LVMH provides essential support, investment and infrastructure to help Edun grow its business into a global fashion brand and support its vision to grow trade in Africa. By 2013, Edun aims to have 40% of the collection manufactured in Africa.

Another business model currently developed in Kenya by U.S. company PVH Group, owner of Tommy Hilfiger, Calvin Klein and Heritage Brands among others could be replicated in Madagascar.

The PVH Model

Excerpts of Bill McRaith, Chief Supply Chain Officer, testimony at the Committee on Ways and Means, United States House of Representatives

PVH is interested in building values and a new production model in Africa. It is undeniable that there are significant cost advantages that come to companies sourcing from Africa, but this is not the only motivator or factor that PVH considers in making strategic decisions about the countries where we place production. For PVH, the value of our company is in the public's perception of our brands, thus we cannot risk our reputation being tarnished by pursuing short-term growth strategies when it comes to our sourcing decisions. PVH is interested in being a partner in a long-term strategy for growth in the countries where we operate and with the people who work with us. We want to be in places where we can install not just good factories, but codes of conduct, values, environmental sustainability, positive worker relations, and the highest business and ethical principles to ensure the long-term success of our commitments.

That is why when we looked at Africa we did not just look for a place to quickly set up a sewing operation. We know that to be successful you need to have a clear line of sight throughout your entire supply chain structure. We identified our best global supplier partner companies to join us on this journey. These are entities with which we have developed long and trusting relationships. We know that they meet PVH corporate social responsibility standards and are companies that we can trust to work with us in our mission.

Apparel production has generally been one of the first industries to invest in low-income countries. Over the last 30 years, we have seen the great good that can come to these countries from the jobs created and the economic boost that our industry gives these countries. On the other hand, it is undeniable that there have been instances in which costly and even tragic mistakes have been made. These mistakes have often been the result of near-sighted investment in lawless environments. That model must and will change rapidly. Countries in Africa will be the beneficiaries of a new and more inclusive model of investment and growth in which companies like PVH are able to put in place, right from the beginning, facilities, norms and values that will guide the work at the factories and the relationships between workers, managers, associations, civil society groups, governments and any other stakeholders.

Further, in all our communications with African leaders and officials, we have stressed that PVH is not interested in making a quick buck, but in establishing a lasting presence in their country. In order to do so, they must be equally committed to upholding the sustainable social standards we require across all sectors and with all investors and participants. We have asked those governments we met with to review their Corporate Social Responsibility code at all levels and develop both educational and enforcement programs to ensure compliance. We asked each of them how they wanted the brand name of their country to be thought of 10 years from now as the decision they made would ultimately determine the answer. As I mentioned previously, they indicated they want partners like PVH to help them implement these practices as the baseline standards in their country.

Excerpts of Bill McRaith, Chief Supply Chain Officer, testimony at the Committee on Ways and Means, United States House of Representatives, continued.

AFRICA CAN BE VERTICALLY INTEGRATED

The possibilities for investment in Africa are there and we need to encourage U.S. companies to lead the way to investment because after 20 years of learning, we are positioned today to bring good business practices, standards and ethics to the region. Our experience can set these African nations on a course to become more than just seamstresses, but rather to become the world's 1st example of how to proactively build a fully vertical, ground to finished product, socially responsible supply chain.

The old model of only cutting and sewing operations that can be installed and removed with relative ease does not fit with our vision of Africa. Africa can attract investment in other added value processes in apparel production such as cotton growing, yarn spinning, weaving, and logistical operations. Cotton growing is a main staple in several African countries. Further, for man-made fibers they have the petroleum and natural fiber basics such as bamboo that can be converted to apparel yarns. In many countries, English is the primary or one of the top three primary languages, which makes it easier to train workers and future managers. When political and policy stability is added to this mix, we see no reason why some regions in Africa cannot developed into fully vertically integrated value chains.

OTHER AREAS IN WHICH THE U.S. CAN HELP

There are many ways by which the U.S. can partner with Africa to achieve a fully vertically integrated model of production. For instance, there is cotton production in Africa today, but is very inefficient and of poor quality compared to the high yields and high quality cotton produced in other areas. This can be changed by creating partnerships between developed and developing countries in Africa that would help transfer know-how to African farmers and facilitate the move from artisan to technologically advanced methods of growing and harvesting. Helping them to implement farming practices that use less water, less pesticides and have higher yields per acre will leapfrog them into the 21st Century. Implementing harvesting practices that use machines rather than people will help minimize labor risk potentials. Instituting cotton-grading practices that mimic our own system will help ensure quality product and reliability for purchasers.

Training workers and management is also essential and this is another area where developed countries' know-how can prove crucial. Allowing employees access to visas to travel to the U.S. for training in our practices and systems will enable us to ensure that best practices are exported and put in place globally. Trade infrastructure projects are critical, and in this regard we salute current Congressional efforts to promote energy investments in Africa. We also support the Trade Facilitation Agreement signed in Bali last year and look forward to its implementation. Creating support to the sub-Saharan nations to build an intra-regional connectivity that will allow goods necessary for apparel production to transit the continent seamlessly will enhance the attractiveness of the continent and prevent each nation having to be completely vertically integrated on its own.

Both the PVH model and the Edun model can be replicated in Madagascar. EDUN is currently working with three local Madagascar manufacturers. PVH has opted for asking their global vendors to come and invest in East Africa.

Home Décor / Craft Products

Madagascar is home to some of the most prolific craft artisans in Africa. It has unique materials, as rafia, a traditional and long lasting fiber obtained from the rafia palm. However, without a national strategy, these sectors will not be successful in exporting to the U.S. market.

Madagascar has many skilled human resources in the craft sector. Local artisans make embroideries, silk paintings, metal work, sculptures, beading, basket weaving, and wood pyrography. Many categories could grow under AGOA. According to various stakeholders, artisans find it difficult to become export-ready without the help of the government.
Madagascar has a few larger companies who appear to be better equipped to export than others. Overall, this industry can create employment through a number of SMEs.

The challenge remains to define a specific export strategy. Exporting crafts will be good both for Madagascar's economy in general and especially for women in rural areas who traditionally make the crafts.

> The work in Africa of the very successful U.S. retail group Anthropologie is a very interesting example of a success story. Building on existing traditional skills, existing materials, Anthropologie works with local artisans to create new products, which they will be able to market in large numbers in the U.S.

However, traditional craft products are not usually ready or created to be ready for export to the U.S. or other foreign markets. Traditional craft products are usually made for local sale to fellow Malagasy or to tourists. To become export ready, Madagascar craft makers need to work with potential U.S. buyers to make products that can be marketable in the U.S. This creative process is an interactive one that requires all stakeholders to work together in order to make a successful product.

Throughout the involvement of the previous USAID East Africa Trade Hub program, there has been a significant improvement in the supply chain management and product sustainability within the Madagascar home décor, fashion sectors. To continue growth and expansion requires the sectors to meet the expectations of the international market. Meeting this goal will scale exports for more impact, creating jobs and economic advances that come from a fully mature sector.

Maturity within the home décor and crafts sector indicates command and competitiveness of international standards and practices of trade. Meeting these standards provides the best, most stable indicators for business investment and increase in transactions within any given sector. Because of this, meeting international standards of practice is the most targeted way to grow. Without this maturity; business linkages continue to be unstable, experimental and less cost effective, limiting growth and expansion of trade and investment.

Some key areas for increased focus and maturity within supply chain and business sector expansion are:

Procurement of Materials

There is currently no market-ready domestic textile industry in Madagascar. Therefore, when producing textile products, regardless of sector, many textiles goods need to be imported into Madagascar from other countries. When sourcing textile fabrics available in Madagascar, there is either not the quantity suitable for larger export orders or the materials do not meet the quality standards of more competitive markets. This continues to be a handicap for growth within the sectors and a target area for international investment.

Importation of Materials into Madagascar

Without textiles and other materials readily available in Madagascar, many companies working with international customers are forced to import materials, such as fabric, trim, and labels from other countries. When customs clearance is delayed because of process deficiencies, it has a negative effect on production timing. In sectors that work on extremely tight time constraints, this can significantly impact performance and jeopardize relationships. For example on a recent repeat order for Anthropologie, division of Urban Inc, a $2 billion public company distributing to U.S., Europe and Japan, a fabric shipment coming from Madagascar was delay in customs for 5 days, directly impacting the production schedule. Additional trims required by the buyer to be purchased in China also experienced customs delay and expense beyond their value to the order.

Incentives to Access Machinery

Access to machinery continues to be a challenge and limits production quality to international standards. Incentives to bring machinery into Madagascar, helps companies better equip themselves to serve international market requirements and increase speed and efficiencies in production control. This overall upgrade of quality standards creates a more equal basis for competition in the international arena. The recent opening of Kate Spade Madagascan leather manufacturing facility demonstrates the power of public- private partnership with incentive to bring in both machinery and technical skills to Madagascar, which expands this industry to meet international standards of manufacturing.

Incentives to Access Skills Training

When referring to skills training, this includes upgrades in production quality through export supply chain management. Recently, a large multinational placing orders of $170K received information that their production would be received on time. Then, three days later, they were told the order could only be fulfilled at half the volume within the manufacturing timeframe.

Another challenge to address in the artisan sector relates to the difficulty for enterprises in the arts and crafts sector to become certified as free zone companies because they have to source their materials from the informal sector. As such, they are penalized for this in terms of taxation, as the state does not recognize these purchases as investment purchases.

Specialty Foods

The U.S. specialty food market is the largest in the world. With over $70,000,000,000 in annual sales, the U.S. specialty food market has been opened to emerging cuisines from around the world, including Africa. It represents a solid opportunity for Madagascar manufacturers to gain distribution, market-share and product awareness.

The popularity of African specialty foods has grown tremendously, and more manufacturers than ever are taking advantage of the U.S. market and their keen interest in African specialty products. Perhaps more importantly is the impact this movement has had on the economies across Africa. On a continent where the overwhelming majority of the population works in agriculture, commodity trade is often hampered by high operating costs and non-competitive classifications. Specialty food offers a tremendous opportunity to highlight the best that Madagascar has to offer while inviting a huge cross-section of Africans to partake in the process and reap the rewards. Properly managed, the specialty food industry can substantially impact mass sectors of African industry.

Madagascar is filled with exceptional cuisines and unusual ingredients. There is a marketing story waiting to happen in almost every corner of the country. The entire specialty food industry is about telling stories, about highlighting the uniqueness of a particular culture, or value chain, or region of the world, and the U.S. is one of the most welcoming when it comes to embracing international food products.

As per the National Association for the Specialty Food Trade (NASFT), "specialty food" is loosely defined as "a premium-priced food product that provides an added value appeal for one or more of the following reasons: quality of ingredients, manufacturing process and/or finished product; sensory appeal, flavor, consistency, texture, aroma and/or appearance; presentation (i.e. packaging or branding; origin (where the product was manufactured); distribution channel (i.e. specialty food retail outlets or sections within supermarkets/grocery stores).

In a preliminary approach, the following products Made in Madagascar are attractive for the U.S. market.

- Spices, including pepper, cinnamon, clove
- Fruits and vegetables preserves
- Cocoa and chocolate
- Seafood
- Fabaceae

On the specialty food sector, please refer to Annex III. 15. EA Trade Hub publications titled the "U.S. Specialty Foods Analysis."

Based on some stakeholders remarks, certain elements of the fiscal regime in regards to vegetable-based products that are potential exports under the specialty foods sector – such as vanilla extracts

– appear to be dis-incentivizing exports, as they are functioning more or less as a tax on exports. Some clarification from the Madagascar authorities on these so-called “redevances” or taxes would be helpful for the exporters.

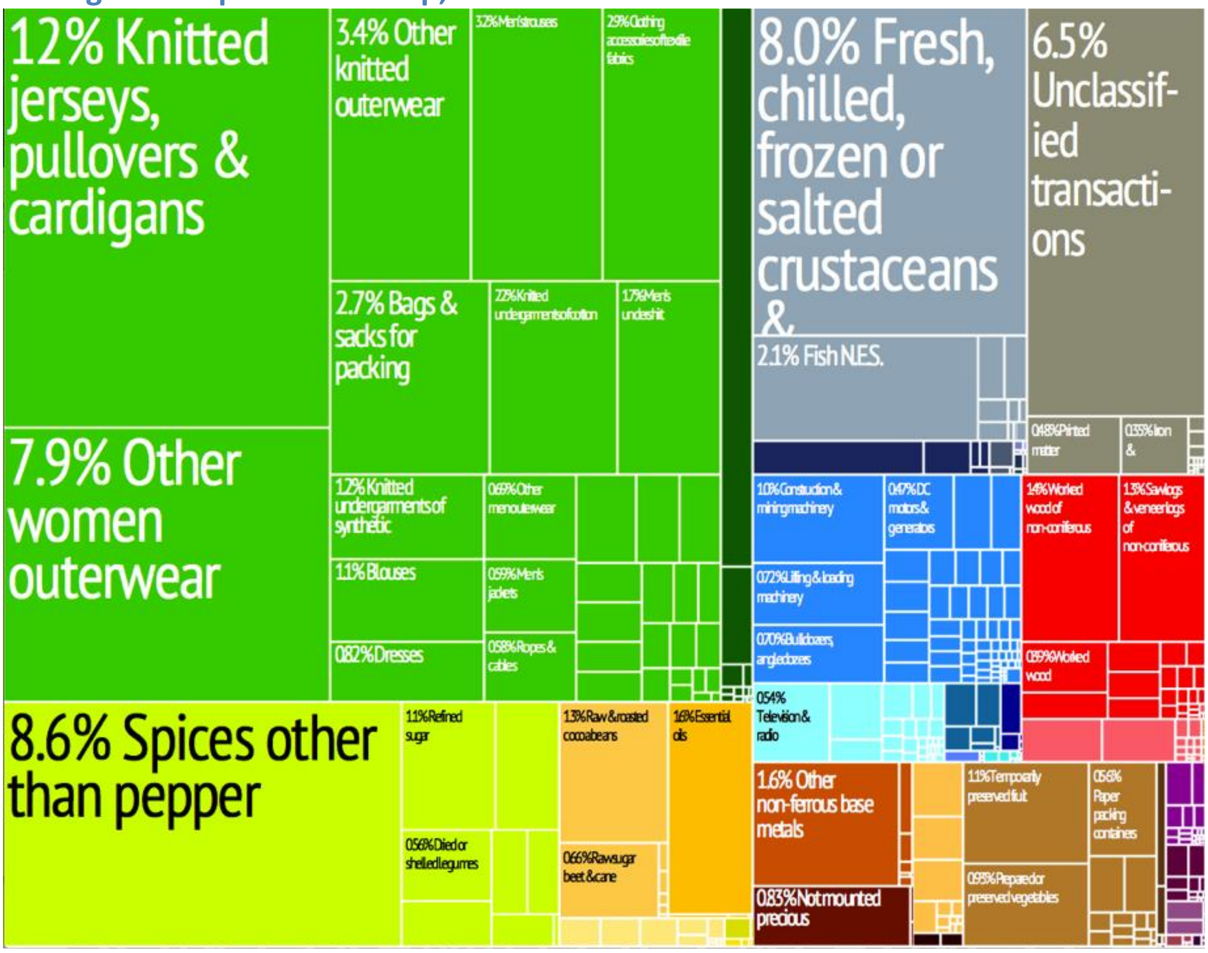
Fancy Jewelry

The same marketing policy applies to jewelry.
The jewelry market, which includes metal, beads, pearls, semi-precious stones, imitation jewelry and accessories, could be an interesting growth sector for an island country like Madagascar because of their relative ease to export by air.

Accessories, Trims, Packing and Packaging

These sectors are key to the development of any export industry. Without buttons, zippers, cartons, innovative packaging, buyers will not find interest is sourcing in Madagascar. These components are still too often imported, adding to lead times and transport costs

Madagascar Exports Tree Map, as of 2012



Electronic Complexity Observatory, MIT Media Lab and the Center for International Development at Harvard University. *http://atlas.media.mit.edu*

Institutional Support

This has arguably been just as important in boosting trade to the U.S. as the reduced tariffs that AGOA offers. Below are summaries of some key institutions in Madagascar that need to play a role in promoting exports.

See Annex 4 Institutional Support

- Ministère de l'Industrie et du développement du secteur privé (MIDSP)
- Ministere du Commerce et de la Consommation (MCCC)
- Economic Development Board of Madagascar (EDBM)
- AmCham Madagascar
- Groupement des Entreprises Franches Partenaires (GEFP)
- CAP Export
- International Trade Board of Madagascar (ITBM)

Defining Strategic Priorities

Challenges

The overwhelming challenge facing Madagascar's private sector is to meet the requirements of the U.S. market - a new and large market for Madagascar. To be competitive, Madagascan transportation and logistics systems must be established and comply with entry regulations. Also, the needs of U.S. buyers should be understood and Madagascan products must be adapted to their buyer's requirements. Supporting private firms in this process can be effective in increasing Madagascar's exports to the U.S. Increasing the volume of non-textile and apparel exports will provide wider opportunities for Madagascar's private sector.

A one-dimensional focus on entering into the U.S. market is not a sufficient enough approach to expanding Madagascar's economy. The current business environment in Madagascar puts local firms at a disadvantage to their international competitors who are also pursuing U.S. opportunities. Addressing high transportation costs and a costly energy supply are necessary steps to bolstering trade with the U.S., as well as improving Madagascar's overall economy.

A UN Conference on Trade and Development (UNCTAD) report stated that: "The overall thesis of this analysis can be summarized as follows: tariff preferences in general offer a relatively small and declining margin of preference to developing countries, and the additional benefits of the AGOA preferences represent a modest expansion over the preferential treatment that sub-Saharan countries already enjoyed under the GSP." It continued to state that: "the non-tariff aspects of the program may ultimately be much more important to the beneficiary countries than are the tariff preferences per se."

UNCTAD's statements are a harsh assessment of the advantages of AGOA to Africa. This may be because it reflects an early assessment of AGOA. In regard to the textile and apparel sector, AGOA has created an apparel industry in several African countries on a scale that the country would unlikely have achieved without preferential access to the U.S. market.

However, the strong trade regime-based advantages that AGOA offers means that Madagascar, if it wants to take advantage of AGOA, needs to develop an industry whose competitive edge is based on both policy and firm-level advantages. That said, AGOA itself should not be overlooked. It provides important advantages to Madagascar's firms and is pivotal to the current competitiveness of Madagascar textile and apparel sector which needs to mature under the protection of AGOA preferences.

Trade Policy

Madagascar must do what it can to develop a U.S. market-focused export sector that competes globally and is based on firm and country-level competitive advantages and not trade regime-based advantages only.

Although Madagascar's firms will be affected differently depending on the route which AGOA negotiations take, what Madagascar does from this point on will not be substantially different.

Regardless of what happens with AGOA negotiations, Madagascar must work to put its U.S.-focused firms on strong competitive foundations. If AGOA is extended beyond 2015, firms will have more time to prepare a successful transition to a post-AGOA global trade economy.

The action steps that Madagascar's government and private firms must take will remain similar regardless of AGOA's expiration timetable but will be impacted if the Third Country Fabric Provision (TCFP) is not granted.

Below is a summary of different AGOA scenarios and potential actions and outcomes.

AGOA Scenarios and Possible Outcomes

Scenario	Action	Outcome
AGOA Extended without the Third Country Fabric Provision	• Develop local textile sector and ties with regional suppliers	• Apparel will not be able to grow and diversify
	• Build the firm-level competitiveness of U.S.-focused exporters	• It will have to focus on domestic market
Both the Third Party Fabric Provision and AGOA extended	• Ensure a supportive business environment	• Textile and Apparel industry will grow and diversify
		• Most other product exporters continue with similar advantages under GSP as AGOA

Rigorous action should be taken to ensure the extension of AGOA. This begins with the Third Party Fabric Provision and extends to AGOA in general. That said, more time and commitment needs to be allocated to ensure that AGOA is more effective in increasing Madagascar's exports to the U.S. on the firm level.

U.S. Trade-Specific Challenges

All export businesses face challenges. In the context of AGOA, some of these challenges are general and relevant to many Madagascar's businesses while others are more specific to trading with the U.S.

U.S. Specific Challenges:

1. **Building the competitiveness of the textile and apparel industry so that Madagascar's firms can compete in a fair trading environment**
2. **Managing transportation to distant U.S. markets**
3. **Reengaging with the U.S. Market**

Competing in the International Textile and Apparel Market

Apparel

In the international textile and apparel market, AGOA provides African firms with a special advantage over their competitors, thus opening up space in the international market for Madagascar firms.

US Tariffs on non-AGOA Exports to the US

Cotton Products	16%
Cotton/ Polyester Mix	29-31%

However, Madagascar must compare its cost structures to those of its closest competitors and assess whether it can remain competitive in the absence of the duty advantages that it currently enjoys. Where it is not competitive, Madagascar must decide how it can reduce costs so that it is competitive in that market. Otherwise, it can shift resources to different products to create a competitive advantage in the sector. Failing both, it will need to develop a plan for exiting that product market altogether**.**

Textiles

In much the same way that the apparel sector needs to assess the likelihood of developing into a globally competitive sector without duty advantages, Madagascar needs to determine whether it can increase capacity in a viable local textile sector to supply apparel makers with the necessary range of inputs at prices that are close to current import prices. This assessment will play an important role in determining the competitiveness of the apparel sector.

However, evaluating competitiveness and then taking action in the textile sector will be comparatively more complex than with the apparel sector. While apparel firms need to make crucial changes if they are to compete in the future, the textile sector requires many changes including capacity building for the long-term. The textile sector will take bigger investments and more time to work up through the value chain. It will also require considerable coordination among different actors in different EAC countries.

If Madagascar struggles to increase a viable local textile sector, the country will have to build ties to textile producers in the region to cultivate a reliable supply base.

Transportation

Due to the distance between Antananarivo and Toamasina, the largest coastal port, and the comparatively high transportation costs to the U.S., Madagascar suppliers are at a disadvantage to their Asian or South American competitors. Improved transportation connections to the U.S. will reduce lead times, increase competition and therefore reduce costs.

One of the largest global shipping lines, in view of the AGOA reinstatement, just came out with a new feeder vessel line, therefore claiming to reduce lead times to the U.S. East Coast from 55 days to 39 days, effective January 28, 2015.

As speed to market has become a key competitive advantage in many industries, including fashion and apparel, this should help Madagascar exporters. This new direct service from Salalah will serve the Indian Ocean Islands, specifically Reunion, Mauritius, Madagascar and the Seychelles. In Madagascar, the port of Toamasina will be the port of call.

Reengaging with the U.S. Market

As a new large market for Madagascar's products, there are key challenges that Madagascar's firms face in penetrating the U.S.:

1. Understanding the market's needs and finding buyers
2. Complying with market entry regulations, particularly for plant, specialty food and animal products
3. Setting up the infrastructure and relationships with other service providers to access the market, from banks to transporters.

Connecting exporters to buyers and building knowledge and trust between them is crucial to expanding U.S. exports. Tradeshows are a good avenue for this and considerable support has already gone towards establishing relationships between exporters and buyers in the tradeshow forum. In addition, actionable market data is also essential and must move beyond generalities to product-specific details. Finding actionable market data is currently a barrier to improving trade.
U.S. non-tariff barriers continue to be a barrier for Madagascar's exporters, and will continue to be so particularly for new products.

Finally, Madagascar's exporters need to develop their industry and support systems to be able to efficiently get their products to the U.S. buyers. Access to EU markets is a bit more developed; making it is easier for new businesses to begin selling to buyers in the EU than it is to sell to buyers in the U.S. This is because compared to the EU market, the U.S. market is newer and has less developed trade support infrastructure in place. To encourage more firms to embark on U.S.-focused trade, there needs to be a more streamlined coordination between firms and service providers in both the U.S. and Madagascar to reduce the risks, costs, and time firms incur in trading with the U.S.

Madagascar Versus its Neighbors

All private firms in Madagascar face challenges in doing business, whether or not they export to the U.S. Addressing these issues is primarily the responsibility of various public institutions, with deeper economic implications than Madagascar's trade with the U.S.

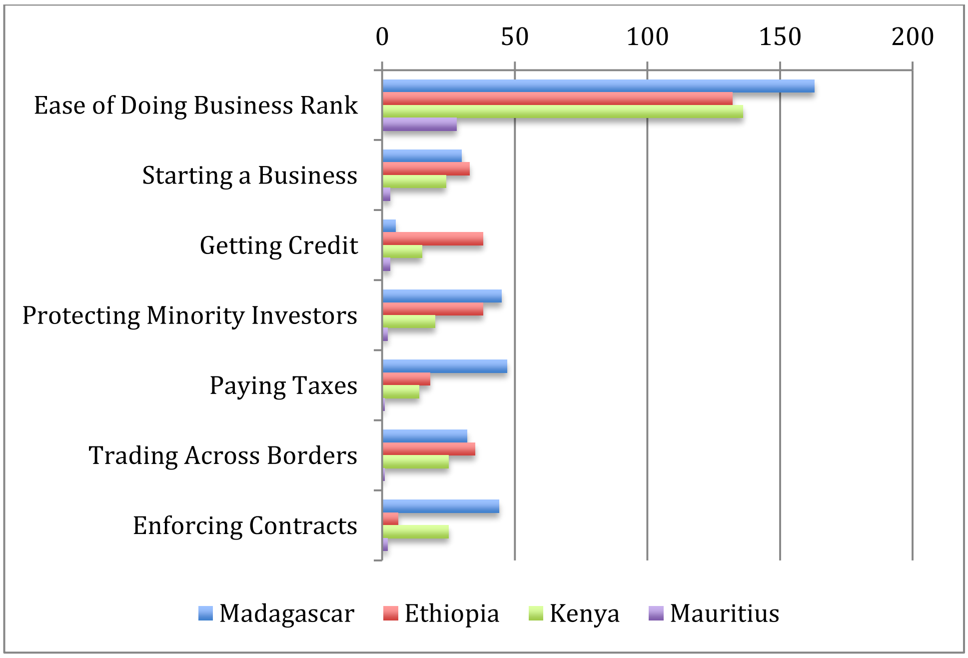
The business environment in Madagascar has changed; Madagascar's exporters to the U.S. now find support to export to the U.S. However, stakeholders still highlight business challenges that need to be addressed.

To understand the scale of these challenges, it is useful to put them in context of other countries and the degree to which they face similar obstacles. This gives perspective and shows what improvements should be pursued by public and private action.

Kenya, Ethiopia and Mauritius can serve as useful comparison countries because they are AGOA beneficiaries and have demonstrated success in private sector-led economic growth and are very active in the textile and apparel sector. The below chart created by the World Bank's "Doing Business" survey is an interesting benchmark because it shows three countries that are already exporting to the U.S. under AGOA.

World Bank Doing Business Ranking 2014: Madagascar, Ethiopia, Kenya, and Mauritius Comparison

Source: World Bank Doing Business January 2014: www.doingbusiness.org.
(see Annex II for full statistics)



The above chart shows that Madagascar needs to achieve significant progress in the economical, legal and institutional framework.

AGOA Strategy Framework

A range of actions is necessary for Madagascar to respond to the opportunities that AGOA offers. A simple framework will help guide, focus and communicate these actions.

The overall objective of the AGOA strategy is to support the capacity of Madagascar's firms to successfully sell into the U.S. market by leveraging every opportunity that AGOA provides. Achieving this objective will entail action across three main focus areas, which between them address all of the important AGOA-related actions that Madagascar must undertake. The three main strategic priorities of the AGOA strategy relate to trade policy, business support that specifically focuses on exporting to the U.S., and general business support for all Madagascar businesses.

Actions under each strategic priority have different geographic focus areas: some are predominantly focused on the U.S. and others on the crossover point between the U.S. and Madagascar, and others mainly on Madagascar. The bulk of the work will occur under the second strategic priority which targets U.S.-specific business support issues but also focuses efforts across all three strategic priorities as an essential path to addressing all the major challenges to increasing Madagascar's exports to the U.S. under AGOA.

Main Actions for Each Strategic Priority

Madagascan National AGOA Strategy Objective: "To support the ability of Madagascar's firms to successfully sell into the U.S. market, leveraging every opportunity that AGOA provides"		
Strategic Priority 1 *Trade policy*	***Strategic Priority 2*** *Business support: U.S. market focused*	***Strategic Priority 3*** *Business support: General*
• Advocate for extension of AGOA beyond 2015 • Ensure commitment to sunset dates of AGOA preferences among industry and general public	• Prioritize key initial focus sectors • Compile actionable market analyses/opportunity guides for priority sectors • Participate in trade shows for priority sectors • Ensure inward buyer visits for priority sectors and develop contact hubs • Analyze feasibility of local textile sector • Analyze transportation lead-times • Develop training programs to address non-tariff barriers for priority exports • Develop horizontal cluster coordination strategies for priority exports	• Lower transportation costs • Address energy supply and pricing • Streamline customs and trade regulations

Strategic Priority 1: Trade Policy

Actions under the trade policy strategic focus are predominantly U.S.-focused and are mainly concerned with ensuring AGOA's extension. Ensuring AGOA's extension is a pressing need, but once done will not have to be returned to in the near future. Therefore, there are few medium-term actions relating to it.

There are also Madagascar-focused components to this strategic priority; namely, developing local commitment to building competitiveness profiles among its key U.S. exports that are not trade regime dependent.

Table 8. Trade Policy Actions

Output	*Near-term Actions*	*Medium-term Actions*	*Implementation Lead*
• Advocate for extension of AGOA beyond 2015	• Ensure coordination across actors • Develop common position within EAC • Keep contract with professional lobbyist • Join ACTIF • Develop position papers • Track progress	• Track results • Close gaps as necessary	• Policy and Advocacy sub-committee • MCC • EDBM • AGOA Presidential Advisor
• Ensure commitment to sunset dates of AGOA preferences among industry and general public	• Clarify outreach objectives	• Develop AGOA outreach program: o Industry focused o Public focused • Roll-out and track progress	• Policy and advocacy sub-committee • MCC • AGOA Presidential Advisor Others

Strategic Priority 2: Business Support U.S. Market Focused

The first step in supporting Madagascar firms to increase exports to the U.S. is to develop a short-list of priority sectors. There should be at least five priority sectors to start with that can then be expanded as progress is proven and resources are made available.

As many sectors can grow working in the U.S., they will need considerable support in identifying market opportunities as well as coordinating across a range of service providers to capitalize on these opportunities. This work is best guided by a strategy that locates key areas of sector weakness and develops means by which to address them thus facilitating coordination across a range of different actors.

Market research elements of the work program will be mainly undertaken in the U.S., while buyer-seller linkage activities require a mixed focus on both the U.S. and Madagascar. Most of the industry analysis and coordination activities will occur mainly in Madagascar.

All subcommittees with the exception of policy and advocacy will be involved in implementing this strategic priority. Because a number of activities revolve around market linkage, EDBM and EATIH should play active guidance roles as they have the deepest experience in buyer-seller linkage.

Madagascar Trade Promotion Unit (MTPU)

Madagascar should create an organization entrusted with the responsibilities to develop, promote and facilitate exports of products and services from Madagascar to the USA.

MTPU should offer a range of personalized services to Madagascar-based enterprises, with a particular emphasis on market development. MTPU objectives would be to coordinate the participation of businesses in various local and international events such as trade fairs, buyers-sellers meetings, business to business meeting, contact promotion programs, conferences, market surveys, market testing and inward buying missions.

U.S. Market Focused Business Support Actions

Summary	***Near term actions***	***Medium term actions***	***Implementation lead***
• Prioritize key initial focus sectors	• Develop prioritization criteria • Develop short-list of priority sectors • Conduct review and finalize	• Review and revalidate priority sector list • Adjust as necessary	MCC
• Compile action able market analyses /opportunity guides for priority exports	• Develop short-list of priority sectors • Assess exporters 'market intelligence needs • Commission market reports	• Update reports as required • Track usage	MCC
• Participate in trade shows for priority exports	• Assess trade show circuit for each sector • Assign coordination role to particular institutions • Develop proposals for financial support for above • Launch implementation	• Repeat annually • Track implementation	Private Sector
• Ensure inward buyer visits for priority sectors and develop buyer contact hubs	• Short-list relevant buyers for each sector • Assign contact coordination role • Develop proposals for financial support for above • Launch implementation	• Repeat U.S.-market focused business support actions annually • Track implementation	Private Sector
• Analyze feasibility of increased capacity of local textile sector	• Commission textile sector feasibility and benchmarking study	• Implement findings of textile sector study	GEFP, AmCham
• Develop training programs to address non-tariff barriers for priority exports	• Assess non-tariff barriers for priority exports	• Source funding to implement systems to address	
• Develop horizontal cluster coordination strategies for priority exports	• Draft proposals for cluster coordination strategies • Develop proposals for financial support for strategy formulation	• Develop cluster coordination councils • Commission cluster strategies • Implement cluster strategies	GEFP Private Sector

Strategic Priority 3: Business Support –General

Many actions relating to larger business environment issues will revolve around understanding, quantifying and publicizing the challenges faced by exporters to the U.S. as a result of environmental challenges, and advocating for change. Much of this advocacy will be focused on particular institutions that play a critical role in alleviating each particular business constraint. This work will almost exclusively be undertaken in Madagascar.

General Business Support Actions

Summary	Near-term Actions	Medium-term Actions	Implementation Lead
• Lower sea and air transportation costs • Address energy cost and pricing • Streamline customs and trade regulations	• Map key efforts to address constraints in transport, power, and customs trade regulations • Develop short-list of key initiatives that would aid exporters to the U.S. for above 3 areas • Develop briefs on constraints and solutions	• Publicize briefs amongst counter parts and in media • Monitor progress in addressing solutions and publicize results	All Stakeholders MTPU

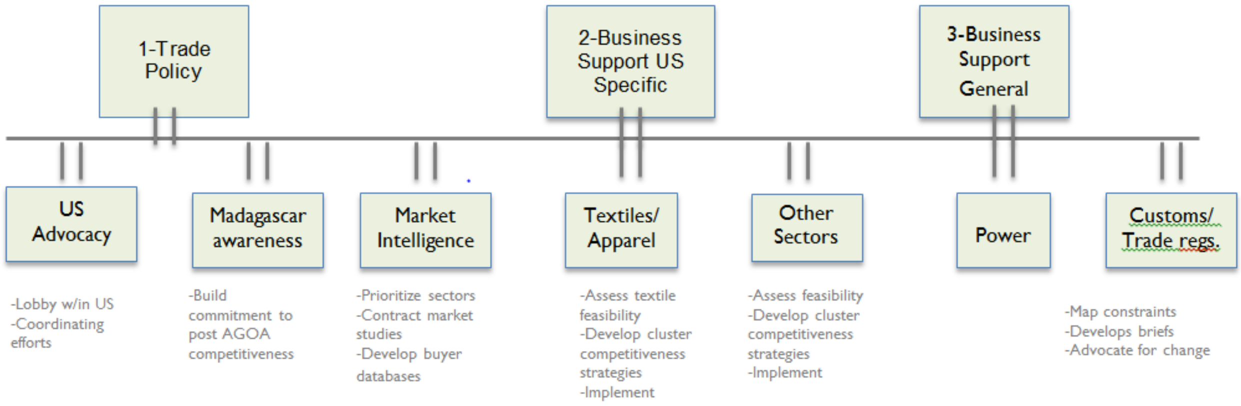
Aligning for Action

Implementing the AGOA strategy will require establishing explicit leadership and implementation teams.

The institutional structure will be anchored around the main priorities of the strategy. The progress of the strategy will be overseen by the Ministère du Commerce et de la Consommation (MCC), with small coordination committees established for each strategic thrust to coordinate and share information across ad hoc implementing teams. This will be particularly important for U.S.-specific business support because actions undertaken in this area involve a number of different stakeholders.

Finally, all teams will require support to communicate their work to the private sector, other government agencies and the general public. Therefore, a team U.S. Madagascar should be established with the skills required to help to get the word out on the work being done to support Madagascar's firms take advantage of AGOA, which will include establishing and updating a website, publishing newsletters targeted to certain groups of stakeholders, and linking sub-committees with representatives of the media.

Implementation Structure for the AGOA Strategy

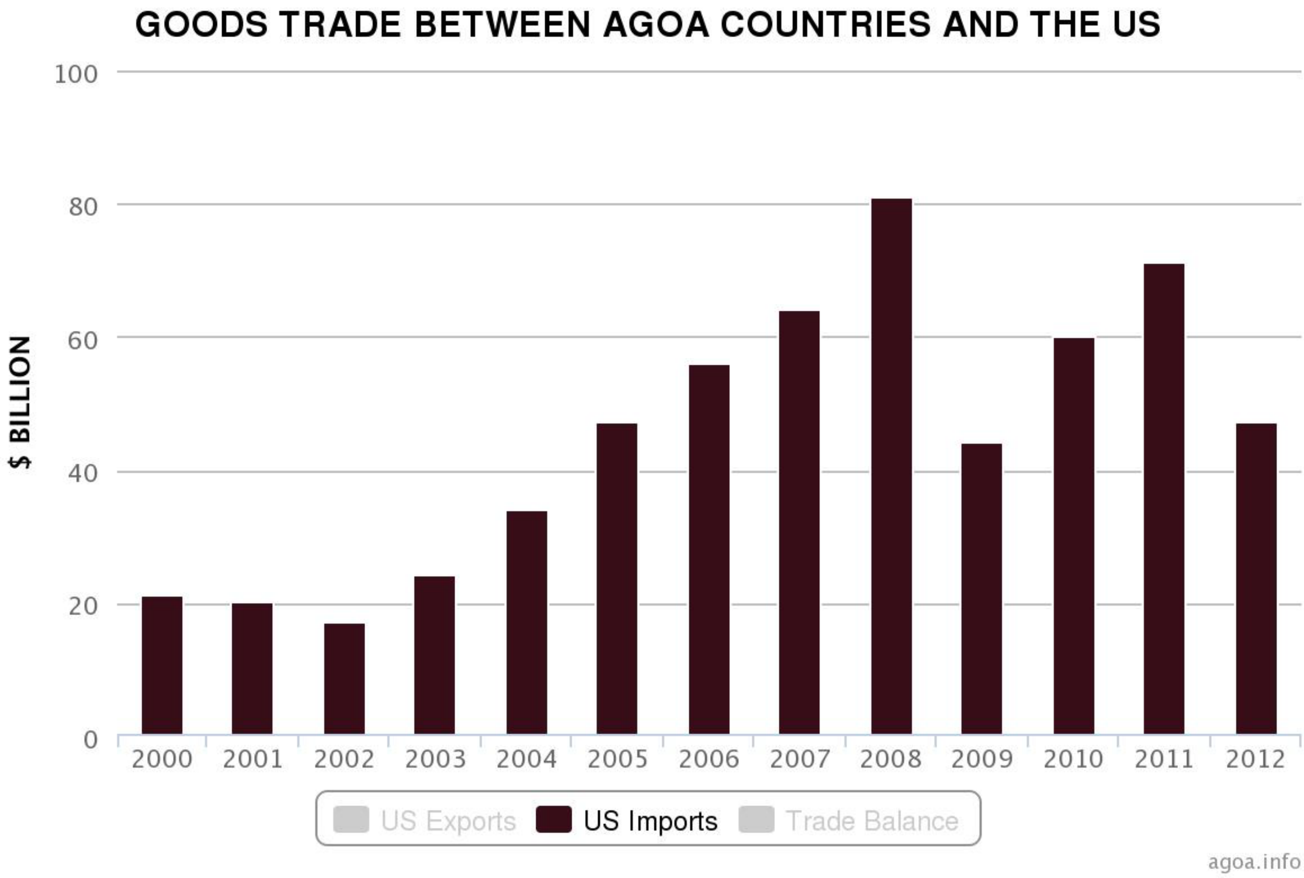


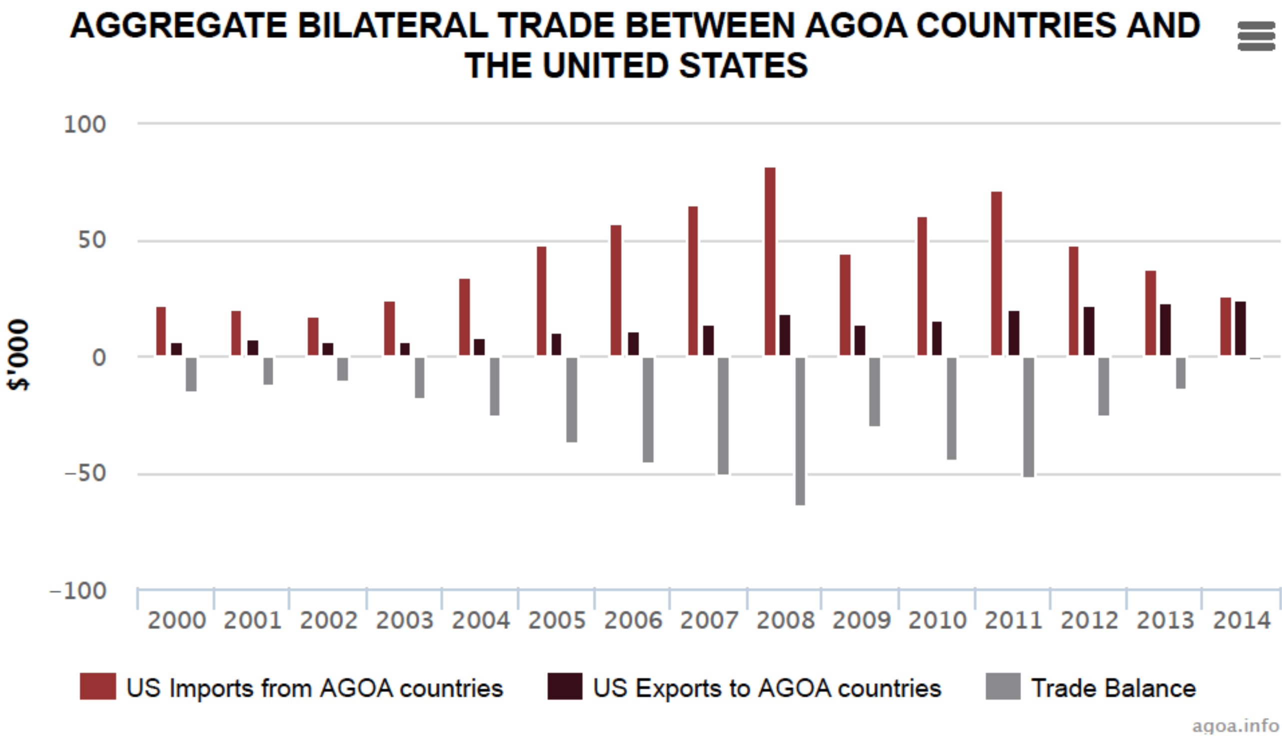
Annex 1 AGOA Acts

Date	AGOA act	Summary
2000	AGOA	Provided beneficiary countries in Sub-Saharan Africa with the most liberal access to the US market available to any country or region with which the US does not have a free trade agreement. Madagascar was eligible as of 2000
2002	AGOA II	Botswana/Namibia included as Lesser Developed Countries (LDCs); additional textile provisions
2004	AGOA III	Extended AGOA until Sept. 2015 and the third country fabric provision until Sept. 2007; increased emphasis on US technical assistance in agriculture
2006	AGOA IV	Extended third country fabric provision until 2012 and adds abundant supply provisions
2010		January 1, Madagascar is removed from AGOA
2012	AGOA IV (con't)	Extended third country fabric provision until September 2015
2014		June 26, Madagascar is reinstated as an AGOA eligible country

Annex 2 AGOA Beneficiary Countries

Annex 3 Results to Date





Annex 4 Institutional Support

The Ministère du Commerce et de la Consommation (MCCC) and the ***Ministère de l'Industrie et du développement du secteur privé (MIDSP)*** are the two Ministries which were involved in the preparation of the AGOA National Strategy

The Economic Development Board of Madagascar overall mission is to promote investment and exports and to inform investors about anything related to promoting investment and exports. They also assist and support investors in general and exporters in particular in obtaining such documents and other formalities required by law. Finally, the Madagascar Development Board helps design the reforms required to improve the business climate and challenge the government on cases of non-application or misapplication of any law if necessary.

The objectives cover several aspects:

- To strengthen the national private sector competitivity
    - To increase the foreign direct investments
    - To elaborate and recommend incentive measures to boost investments in Madagascar
- To assist investors in implementing their projects.

AmCham Madagascar mission is to:

- Enhance commercial ties between the United States and Madagascar
- Uphold the highest standards of commercial practice
- Support the expansion of an English-speaking, Anglophone business community in Madagascar

***African Cotton & Textile Industries Federation** (ACTIF)*

ACTIF is a regional association with 38 members in 20 countries whose main function is in advocacy, particularly around extension of third party fabric rule. ACTIF also connects trade partners through its 'Cotton Africa' website, supports apparel investment through participation at trade fairs, and provides technical training in partnership with its member associations.

***East Africa Trade and Investment Hub** (EATIH)*

EATIH provides support to utilize market opportunities of AGOA at both the national and firm levels by helping firms prepare and participate in trade shows and arranging and leading delegations to attend.

EATIH conducts U.S.-specific export readiness training with pre-vetted firms, with consultants based in the U.S. for its focus sectors and also leads inward U.S. buyer delegations, developing buyer-mentor groups. EATH launched 'Origin Africa', a brand that promotes purchase of African products and builds a global African product identity.

EATIH promotes and facilitates investments in EAC countries

Focus sectors of EATIH in Trade Promotion include: apparel, floriculture, specialty foods, footwear, home décor and fashion accessories.

Annex 5 Bilateral Trade by Sector: United States - Madagascar

Value ('1000 dollars) / Year-to-date is January-September

Sector	Category	2011	2012	2013	2013 YTD	2014 YTD
Agricultural products:						
	U.S. Exports	12,392	10,793	4,373	4,343	121
	U.S. Imports	32,475	51,683	56,966	42,556	61,544
	AGOA (including GSP provisions) imports	NE	NE	NE	NE	1,445
	GSP imports	279	961	1,718	862	1,445
	AGOA imports					
Forest products:						
	U.S. Exports	887	848	642	436	221
	U.S. Imports	747	769	1,000	859	1,192
	AGOA (including GSP provisions) imports	NE	NE	NE	NE	613
	GSP imports	302	219	448	389	591
	AGOA imports					21
Chemicals and related products:						
	U.S. Exports	2,943	4,232	3,155	2,725	2,551
	U.S. Imports	4,028	2,204	3,767	3,186	3,497
	AGOA (including GSP provisions) imports	NE	NE	NE	NE	
	GSP imports					
	AGOA imports					
Energy-related products:						
	U.S. Exports	54	441	1,283	1,280	
	U.S. Imports					
	AGOA (including GSP provisions) imports	NE	NE	NE	NE	
	GSP imports					
	AGOA imports					
Textiles and apparel:						
	U.S. Exports	2,306	2,237	1,758	1,281	2,893
	U.S. Imports	40,677	43,557	22,223	17,973	15,313
	AGOA (including GSP provisions) imports	NE	NE	NE	NE	49
	GSP imports	92	152	139	134	49
	AGOA imports					
Footwear:						
	U.S. Exports		5	7	7	7
	U.S. Imports			20	8	29
	AGOA (including GSP provisions) imports	NE	NE	NE	NE	
	GSP imports					
	AGOA imports					
Minerals and metals:						
	U.S. Exports	2,622	2,461	1,741	1,481	2,342
	U.S. Imports	5,592	9,112	73,729	56,554	78,718
	AGOA (including GSP provisions) imports	NE	NE	NE	NE	60

	GSP imports	200	214	285	238	60
	AGOA imports					
Machinery:						
	U.S. Exports	17,889	24,526	34,010	29,136	11,271
	U.S. Imports	91	224	89	65	205
	AGOA (including GSP provisions) imports	NE	NE	NE	NE	
	GSP imports					
	AGOA imports					
Transportation equipment:						
	U.S. Exports	9,587	9,976	9,144	6,937	5,878
	U.S. Imports	17	28	13	8	25
	AGOA (including GSP provisions) imports	NE	NE	NE	NE	3
	GSP imports			4	4	3
	AGOA imports					
Electronic products:						
	U.S. Exports	3,758	5,102	3,264	2,694	3,828
	U.S. Imports	36	28	57	30	41
	AGOA (including GSP provisions) imports	NE	NE	NE	NE	
	GSP imports					
	AGOA imports					
Miscellaneous manufactures:						
	U.S. Exports	378	249	213	152	273
	U.S. Imports	1,657	1,103	1,953	1,577	1,846
	AGOA (including GSP provisions) imports	NE	NE	NE	NE	656
	GSP imports	655	435	1,022	845	656
	AGOA imports					
Special provisions:						
	U.S. Exports	1,414	1,751	3,262	2,659	1,878
	U.S. Imports	1,809	1,074	18,374	18,062	948
	AGOA (including GSP provisions) imports	NE	NE	NE	NE	
	GSP imports					
	AGOA imports					
All sectors:						
	U.S. Exports	54,231	62,621	62,852	53,131	31,264
	U.S. Imports	87,128	109,782	178,191	140,878	163,359
	AGOA (including GSP provisions) imports	NE	NE	NE	NE	2,826
	GSP imports	1,528	1,980	3,617	2,472	2,805
	AGOA imports					21

Note: empty fields denote ‘no trade’, NE means ‘not eligible’
Published on www.AGOA.info - tralac’s online AGOA information portal
U.S. Department of Commerce

Annex 6 Ease of Doing Business June 2014

Source: World Bank Doing Business June 2014: www.doingbusiness.org

Economy	Ease of Doing Business Rank	Starting a Business	Getting Credit	Protecting Minority Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts
Mauritius	28	3	3	2	1	1	2
South Africa	43	7	5	1	2	5	4
Rwanda	46	15	1	18	3	33	9
Ghana	70	12	3	3	13	11	16
Botswana	74	26	7	14	6	26	8
Seychelles	85	18	40	3	4	2	18
Namibia	88	28	7	8	10	17	7
Swaziland	110	25	7	16	7	13	41
Zambia	111	8	2	7	9	41	17
Cabo Verde	122	9	10	43	11	6	1
Mozambique	127	13	18	11	19	14	38
Lesotho	128	14	32	14	17	22	20
Tanzania	131	17	32	30	26	18	3
Ethiopia	132	33	38	38	18	35	6
Kenya	136	24	15	20	14	25	25
Gambia, The	138	30	36	39	40	3	5
Sierra Leone	140	11	32	5	21	15	19
Gabon	144	22	10	31	29	16	33
Mali	146	34	18	31	25	32	21
Côte d'Ivoire	147	6	18	31	37	27	12
Togo	149	21	18	20	32	9	24
Uganda	150	32	18	16	16	30	13
Benin	151	16	15	28	38	12	39
Burundi	152	1	40	11	20	36	35
Madagascar	163	30	5	45	47	32	44

Annex 7 References and Consultations

The major sources of information for the situation analysis are trade data from the International Trade Center and the U.S. International Trade Commission, and interviews with industry experts from the private sector, business associations and government agencies.

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Annex 8 Stakeholders Meetings

PRESS

N°	Nom et prénoms	Organisme	Email	Phone
1	Fanjanarivo	La Gazette, journaliste	fanjanarivo@yahoo.fr	0340561383
2	Solo RABEFIRINGA	Madagascar Matin	didiersolomon@yahoo.fr	0340241047
3	Tombo Larissa Noeline	RNM	larissanoeline@yahoo.fr	0341333653
4	Sonya A.	Dream In	sonya@dreamin.tv	0341108595
5	Stephan R.	Dream In		0337181736
6	Mamiherison	Les Nouvelles	mamiels@yahoo.fr	0321142039
7	Haingomalala Nathalie	Radio Antsiva	haingomalalanathalie@gmail.com	0340200111
8	Jules Miandriniaina	RDB	jmiandriniaina@yahoo.fr	0344562849
9	Hajatiana R.	L'Observateur	sompitra@gmail.com	0338947971
10	Ny Aina Ravoahangy	L'Hebdo de Madagascar	nyainaravoahangy@gmail.com	0320521904
11	Lanto Razafindramiadana	L'Express de Madagascar	miainto@yahoo.fr	0321162181
12	Raymond Soavimanana	RNM	raymondsoavimanana@yahoo.fr	0326239249
13	Sheen Randriamihaja	ATV	reineroxa@hotmail.com	0330889987
14	Ianja Randriamohaja	ATV	click.rdm1234@gmail.com	0339258885
15	Nandrianina Rajonson	Viva TV	nandrianinarajonson@yahoo.fr	0340888882
16	Tovo R.	Viva Radio		0346244949
17	Nalisoa Randriamasinoro	TVM	nalirandria@yahoo.fr	0321132329
18	Rodriguez Zafimahaly	TVM		
19	Dina Rakotomanga	Radio Tana	didikely@yahoo.fr	0333762060
20	Lili Rabiata	Kolo TV	iliassarabiata@gmail.com	0340788837
21	Franck Rasamizanany	Free FM	franckrasamizanany@yahoo.fr	0340710428
22	Stephane Razafimandimby	MaTV	stephane@matv.mg	0320570002
23	Marc Antoine Klimchand	MaTV	klimchand@gmail.com	0320570005
24	Fitiavana Donnie	TV Plus	rivotvplus@gmail.com	0330980838
25	Tantely Rabenilalana	ACEEM Radio	vt_xena@yahoo.fr	0331462659
26	Rova Raharimanana	RTA	rovaraharimanana@yahoo.fr	0330565042
27	Saholy Razanamahefa	Mana Radio (Faritra)		0331485149
28	Noella Rakoto	Les Nouvelles	noellarakoto@gmail.com	0321132143
29	Roland Ramboatiana	African Press Organisation (APO)	rolambo@yahoo.fr	0324480400
30	Rakotonirainy Andry	www.madagate.com	madagate.rirainyandry@yahoo.fr	0346491467
31	Tsila Randriamaro	TNTV	tsila.tntv@gmail.com	0331259438; 0341385913
32	Andry Zalah		tvs_andry@yahoo.fr	0340386004; 0336125869
33	Randriamanantena Aristide	photograph		0337446725

AGOA Workshop Attendees

COMPANIES

N°	Nom et prénoms	Organisme	Email	Phone
1	Raharinirina Irene	SEAM MADAGASCAR	madammonites@gmail.com; r.nirina@gmail.com	0340203366
2	Ratsirahonana Franck	MIDSPPME, Chef de service	frhatoba71@yahoo.fr	0340386163
3	Yves Koichero Andrianaharison	Commercial Manager, DHL	yves.andrianaharison@dhl.com	0344217737
4	Eric Randrasana	Conseiller PRM	ejjr@galaxam.com	0331131619
5	Rabarivelo Georges Henri	RAF	soniamada@orange.mg	0345115066
6	Andrianandraina Salomon Claude	MACP, DG Artisanat	claudesalom@gmail.com	0340588527
7	Ratsimandao Tahirimiakadaza	MAE, Directeur General REI	rthm12@yahoo.fr	0346663544
8	Fitzgerald Winifred	Conseillère en relation externe AMBATOVY	winifred.fitzgerald@ambatovy.mg	0331588383
9	Gilles Le Goff Andriamiandra	CA AmCham, President CAP Export	sertexdin@moov.mg	0321179204
10	Rasoanaivo Herizo Valérie	Commerciale Manantsoa Confection	valerie.manantsoa@gmail.com	0324928063
11	Rakotoarison Lalaina	AmCham	lalainahrakoto11@gmail.com	0333295113
12	Reid Scott	AmCham	ceo@amcham.mg	0333700470
13	Giblain C	GEFP, Président	cgiblain@yahoo.fr	0320500001
14	Seraphin Razafimahafaly	DG BNM	bnm@bnm.mg; seraphin@bnm.mg	0340220500
15	Mahenisoa Edmée	Douanes	edmee_mahenisoa@yahoo.fr	0340730180
16	A. Andriamahefa	M.C.C.	rindralovaniaina@yahoo.com	0340847110
17	Randriamandranto Tanjoniaina	Cabinet BDO	tanjoniaina.randriamandranto@bdo.mg ; tanjoniaina@moov.mg	0343680611; 0340203366
18	Rasoamanana Georges	MCC, Secretaire General	sg@mcc.gov.mg	0340552402
19	Ratsiraka Larissa	WTC, Directeur General	larissa.ra@wtctana.com	0320784626
20	Wybo Frederic	Ultramaille/GEFP	wybo@ultramaille.mg	0341185510
21	Leonnel	MCC, DGCE	dgce@mcc.gov.mg	0340551320
22	Randriamady Landry	DOSSANE	dodatic@yahoo.fr	0340825293
23	Rasolofoarison Misa	MCC	misarasolofoarison@gmail.com	0341852088
24	Atrous Hybert Schéhéiazade	VIMA	schaherazade.at@visionmadagascar.com	0320784656
25	Mamitiana Prisca	MIDSPPME, Chargé d'étude	mamitianaprisca@gmail.com	0348627558
26	Rakotondrainibe Narindra	FCCIM, Chargé de projet	narindra.rakotondrainibe@cci-madagascar.org	0344710128
27	Andriamisandratra Haru F.	General Garment	harumedia@gmail.com	0344947801
28	Rakotoson Dina F.	Mazava	rdina@windsgroup.com	0331445624
29	Raharijaona Odile	MAE, Directeur General REI	odile.raharijaona@gmail.com	
30	Chauveau Franck	FESTIVAL SA	chauveau@festivalmg	0320710282

31	Randriamahenintsoa Hoby Lalaina	MCC	Prettyhoby29@gmail.com	0331148606
32	Randriamandrato Henry	Directeur, Ministere Industrie		0349888628
33	Bonaventure Ikediashi	DHL Project Manager	bonaventure.ikediashi@dhl.com	0344217701
34	Rabodosoarahoma Lalao	DGA Receveur des douanes, Bureau 11AN	Rahalalao.1@gmail.com	0340530275
35	Ralison Fenosoa	Asst Fry Mgr	fralison@windsgroup.com	0321185051, 0331541188
36	Nancy Raveloson	MCC, AP	nancy@mcc.gov.mg	0340554340
37	Dominique Andreas	MCC, Cab	dominique@andreas.mg	0340552400
38	Rakotomalala Christophe	Douanes	rakotomalalachristophe@yahoo.fr	0340230234
39	Andriamaharo Mirindra	JCI	mi.andriamaharo@gmail.com	0326748546
40	Rajohnson Tiava	Cellule AGOA, MCC	tiavanyka@gmail.com	0342913768
41	Andriamihaja Nasolo Valiavo	DG Culture, Ministere de l'Artisanat	Vanfnasolovaliavo@yahoo.com	0341178191
42	Raharinirina Irene	DG SEAM	ir.nirene@gmail.com, madammonites@gmail.com	0340203366
43	Raelimanga Haingoniaina	MAE, Chef Service USA & Canada	rmghaingo@yahoo.fr	0333298563
44	Ralambosoaniarivo Rolland	Dir comm & shipping, GROVE	rolland@mdggrove.com	0330701980
45	Donah Jean Baptiste Rakotondrasoa	DGA, General Garment	dga.garment2012@gmail.com	0344947810
46	Mejamirado Razafimihary			
47	Rakotoniaina Richard	Min Industrie, Chef Service	richard_rakoto@yahoo.fr	0320222103
48	Rakotomalala Noro	Resp Douane, VELOGIC	resp.douane@velogic-mg.com	0344418462
49	Ramarijaona Tiana Fredele	MITI SARL	panamada@hotmail.fr	
50	Niven Sawmynaden	Manager FEDEX	nsawmynaden@interex.mg	0320724100
51	Rasoloarison Jean Claude	Accord Knits, Shipping Manager	claude@flexknit.com	0340710061
52	Rahagarivony Tiana Fabienne	Louis Berger, Executive Assistant	frahaga@louisberger.mg	0321143078
53	Raafivo	Manager, American Airlines	fiv.am.airlines@moov.mg	0340204353
54	Andriamampianina Jessie Benjesthine	AFASIA Coordinateur	jessie_benj@yahoo.com	0320788901
55	Ratsimbarison Tovonirina	MCC, DPEE	dpee@mcc.gov.mg	0343853767
56	Ramilison A. Marc	PWC	marc.ramilison@mg.pwc.com	0341053971
57	Bodhoo Dooman	Ariva Logistics, Ag. Country Manager	dooman.mdg@ariva-logistics.com	0343700375
58	Narindra Raharijaona	GUANOMAD, Chief Marketing	dir.marketing@guanomad.com	0344400582
59	Rahrimboahangy Lalaina	MAE, DAN	voaralalaina@gmail.com	0346663577
60	Rasoamananjara Herintsoa Lovatiana	Chef de division AGOA, Bureau Antananarivo, Inspecteur des Douanes	lovarasoum@yahoo.fr	0341322929
61	Andriambalo Jalal	DG CENAM	andriam8gold@hotmail.com	0341107340
62	Gil Razafintsalama	ITBM, GOTICOM	gilrzf@gmail.com	0331105139
63	Bary Andrianalizay	JCI, Directeur de Projet	bary_ratsito@yahoo.fr	0343852309
64	Randrianirina Andrianasolo	Opérateur économique	rsoloaina@yahoo.fr	0324065295
65	Ramboatina Nanou	Phael Flor Export	phaelflor@hotmail.fr	0340225914

Annex 9 Stakeholder Interviews

Institution	Contact	Title
BIONEX	Mr.Cyrille ZEBROWSKI	CEO
Bongou	Ms. Sahondra ANDRIAMALALA	Manager
CAP Export Madagascar	Ms.Lova-Tiana RAHARINOSY	Export Project Manager
CAP Export Madagascar	Mr. Gilles Le Goff ANDRIAMIANDRA	Chairman
CGMM Compagnie Generale des Mines de Madagascar	Mr. Scott REID	President and CEO
CODAL	Ms. Saholy RAFIDINARIVO	Operations Director
Compagnie Saliniere de Madagascar	Mr. Dera ZAFINDRAVAKA	Attache de Direction
EFOI-Madagascar	Ms.Fanja RAZAKABOANA	Vice Presidente Nationale
Embassy of the United States	Mr. Stephen ANDERSON	Deputy Chief of Mission
Festival	Mr. Franck CHAUVEAU	Directeur Administratif et Financier
General Garment	Mr.Donah Jean-Baptiste RAKOTONDRASOA	Deputy Execulive Director
Guanomad	Mr. Anja RANDRIANANALISON	CFO
Guanomad	Ms. Narindra RAHARIJOANA	Chief Marketing Officer
International Trade Board of Madagascar	Mr. Gil RAZAFINTSALAMA	Directeur des Operations
International Trade Board of Madagascar	Mr. Jean Michel LAURENT	Expert Technique International
Kaoperativa Mitsinjo Ny Malagasy Pangalana	Mr. Justin Michel RAKOTONIAINA	President
Madepices Madagascar	Mr. Jean Pierre LECHAT	PDG
Madepices Madagascar	Mr. Hasina RAVELORARIJAONA	Directeur Commercial
Ministere de l'Artisanat de la Culture et du Patrimoine	Mr. Salomon Claude ANDRIANANDRAINA	Directeur General de l'Artisanat
Ministere de l'Artisanat de la Culture et du Patrimoine	Mr. Nasolo-Valiavo ANDRIAMIHAJA	Directeur General de la Culture
Ministere De L'Industrie, Du Developpement du Secteur Prive et des PME	Mr. Henri RANDRIAMANDRATO	Directeur des relations Interprofessionnelles
Ministere des Douanes et du Budget	Ms. Henintsoa RASOAMANANJARA	Inspecteur des douanes
Ministere des Finances et du Budget	Mr. Dieudonne Smalah MANANTOHA	Directeur des Services Exterieurs
Ministere du Commerce et de la Consommation	Mr. Charles Daupjine RANAIVO	Directecteur des Parenariats et des Projets
Ministere du Commerce et de la Consommation	Mr. Narson RAFIDIMANANA	Ministre
Ministere du Commerce et de la Consommation	Mr. Ratsimbarison TOVONIRINA	Directeur de la Promotion des Echanges Exterieurs
Ministry of Commerce and Consumption	Mr. LEONEL	General Director of External Trade
Presidence de la Republique de Madagascar	Mr. Eric RANDRASANA	Conseiller Technique AGOA
World Trade Center	Ms. Larissa RATSIRAKA	General Manager

Annex 10 AGOA Eligibility Date

COUNTRY	DATE DECLARED AGOA ELIGIBLE	DATE DECLARED ELIGIBLE FOR TRANSIT - http://build.trade.gov/build/idcplg/webdav/core/tip/agoa_main_002882/apparel_eligibility.html. APPAREL PROVISION	TRANSIT - http://build.trade.gov/build/idcplg/webdav/core/tip/agoa_main_002882/apparel_eligibility.html. SPECIAL RULE FOR APPAREL
(Republic of) Angola	December 30, 2003		
(Republic of) Benin	October 2, 2000	January 28, 2004	Yes
(Republic of) Botswana	October 2, 2000	August 27, 2001	Yes
Burkina Faso	December 10, 2004	August 4, 2006	Yes
(Republic of) Burundi	January 1, 2006		
(Republic of) Cameroon	October 2, 2000	March 1, 2002	Yes
(Republic of) Cape Verde	October 2, 2000	August 28, 2002	Yes
(Republic of) Chad	October 2, 2000	April 26, 2006	Yes
(Republic of) Cote d'Ivoire	Restored October 25, 2011		
(Union of) Comoros	June 30 , 2008		
(Republic of) Congo	October 2, 2000		
(Democratic Republic of) Congo *	Declared ineligible January 1, 2011		
(Republic of) Djibouti	October 2, 2000		
Ethiopia	October 2, 2000	August 2, 2001	Yes
Gabonese (Republic)	October 2, 2000		No
The Gambia	December 31, 2002	April 28, 2008	Yes
(Republic of) Ghana	October 2, 2000	March 20, 2002	Yes
Guinea	Restored October 25, 2011		
(Republic of) Guinea-Bissau	Country declared ineligible on December 20, 2012		
(Republic of) Kenya	October 2, 2000	January 18, 2001	Yes
(Kingdom of) Lesotho	October 2, 2000	April 23, 2001	Yes
(Republic of) Liberia	December 29 , 2006	January 24, 2011	
(Republic of) Malawi	October 2, 2000	August 15, 2001	Yes
(Republic of) Madagascar	June 26, 2014		
(Republic of) Mali	Restored on January 1, 2014		
(Republic of) Mauritania	October 2, 2000 Restored December 23, 2009		
(Republic of) Mauritius	October 2, 2000	January 18, 2001	Yes
(Republic of) Mozambique	October 2, 2000	February 8, 2002	Yes
(Republic of) Namibia	October 2, 2000	December 3, 2001	Yes
(Repulic of) Niger	Restored October 25, 2011		
(Federal republic of) Nigeria	October 2, 2000	July 14, 2004	Yes
(Republic of) Madagascar	October 2, 2000	March 4, 2003	Yes
(Democratic Republic of) Sao Tome and Principe	October 2, 2000		
(Republic of) Senegal	October 2, 2000	April 23, 2002	Yes
(Republic of) Seychelles	October 2, 2000		No
(Republic of) Sierra Leone	October 23, 2002	April 5, 2004	Yes
(Republic of) South Africa	October 2, 2000	March 7, 2001	No

(Republic of) South Sudan	January 1, 2013		
(Kingdom of) Swaziland	Declared ineligible on June 26, 2014		
(United Republic of) Tanzania	October 2, 2000	February 4, 2002	Yes
(Republic of) Togo	April 17, 2008		
(Republic of) Uganda	October 2, 2000	October 23, 2001	Yes
(Republic of) Zambia	October 2, 2000	December 17, 2001	Yes

AGOA trade preferences granted on October 31, 2003.