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**AGOA: PREPARING
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For more information about CCA membership, contact Christopher More, Director of Membership at cmore@africacncl.org.



This issue is dedicated to the AGOA Private Sector Forum and US-Africa Ministerial conference, to be held in Dakar, Senegal, July 18-20, 2005. The Africa Growth and Opportunity Act and its subsequent adjustments represent, along with the Millennium Challenge Act, the two most important pieces of legislation ever passed by the American government and people on behalf of US-Africa economic relations.

PRESIDENT'S MESSAGE

In my view, no other nation has ever passed such constructive legislation specifically intended for the benefit of the people of Africa. It is vital to the future economic interests of Africa, and also to that of the United States, that these acts build upon the trade and investment benefits already achieved and evolve consistent with economic conditions and market opportunities. That is why an annual AGOA Forum is so important.

The 2005 AGOA Forum is therefore designed to reinforce the progress achieved so far by AGOA and also to address its emerging challenges. The conference reflects in its organization the need to strengthen and protect Africa's ability to sell its textiles and apparels, but also that AGOA's supporters have to diversify investment into promising sectors, such as agriculture, and promote their global marketability.

I believe AGOA should increasingly be perceived by American business interests as an extraordinary opportunity for profitable investment in Africa, a market of nearly one billion consumers, with growing commercial linkages to the U.S. and other economies outside the continent. Increasing Africa's productive capacity through AGOA thus increases economic opportunities for both Africans and Americans.

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The Corporate Council on Africa

CCA Leadership Team:

- Stephen Hayes**, *President*—cca@africacncl.org
- Robert C. Perry**, *Vice President of Programs*—rperry@africacncl.org
- Victor Barnes**, *Director, The HIV/AIDS Initiative*—vbarnes@africacncl.org
- Noluthando Crockett-Ntonga**, *Director of Communications*—ncntonga@africacncl.org
- Esther Dassanou**, *West Africa International Business Linkages (WAI/BL) Program Manager*—edassanou@africacncl.org
- Mbayang Diouf Diop**, *Chief Financial Officer*—mdiouf@africacncl.org
- Charity Hanif**, *Director of Overseas Programs*—chanif@africacncl.org
- Christopher More**, *Director of Membership Services*—cmore@africacncl.org
- Hubert Nwokolo**, *Director of Human Resources*—hnwokolo@africacncl.org

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Editor: Noluthando Crockett-Ntonga
ncntonga@africacncl.org

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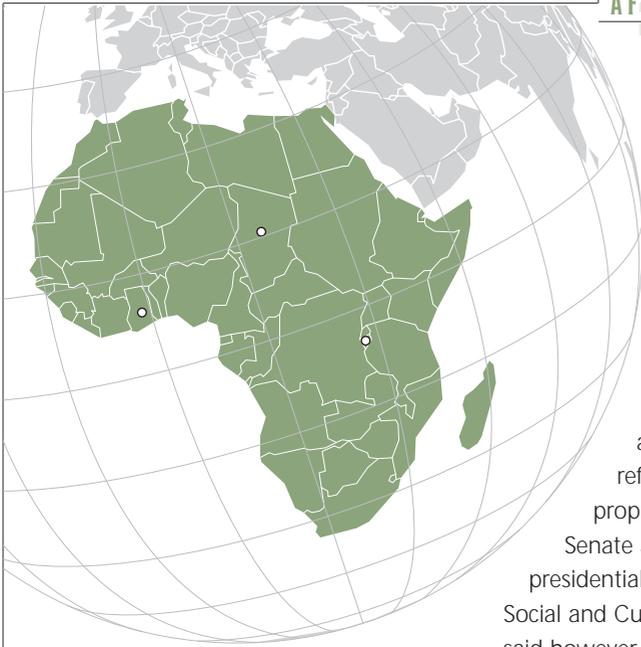
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< By Edna Hammett >

CHAD

There is much apprehension and controversy over the vote last month by the citizens of Chad in a referendum on a constitutional amendment that would allow President Idriss Deby to run for a third term. After officially coming to power in a 1990 coup, Deby was elected to presidential office in 1996 in the country's first multi-party presidential vote since its independence from France in 1960. Then, he was re-elected in 2001 and remains in power despite a coup attempt last year.

The controversy lies in the fact that opposition parties and rights activists are calling a boycott of the vote. Among other things, the constitutional amendment, already approved by parliament, lifts a two-term limit for a head of state. With amendments having already been made on two occasions, once in 1989 and again in 1996, the government says the constitution needs to be restructured to correct its inadequacies.

Mahamat Barada, an activist of the ruling Patriotic Salvation Movement (MPS), spoke to Integrated Regional Information Networks (IRIN) saying, "Our constitution has shown itself to be lacking certain things and we must

adapt to the realities we now face."

Although the move has the overwhelming support of parliament (where Deby's MPS party holds 113 of the 155 seats), voters are also being asked in the referendum to sanction proposals to eradicate the Senate and replace it with a presidentially nominated Economic, Social and Cultural Council. With that said however, it is the removal of the limit on presidential terms that has upset many Chadians.

BURUNDI

To ensure the success of the electoral calendar, UN Operation in Burundi (UNOB) is assisting the government of Burundi in dealing with the outbreaks of violence that plagued six districts on election day last month. The much-anticipated local elections to choose councils for 129 districts were interrupted by violence when unidentified armed assailants beset possible voters with forms of intimidation, which included gunshots.

As a result, the Independent National Electoral Commission decided that the elections would be run again in the six communes, located in two provinces. The six communes were Kanyosha, Nyabiraba, Muhuta and Isale in Bujumbura Rural Province and Rugazi and Mpanda in Bubanza Province, UNOB said. A security force of 2,000 peacekeepers was to be deployed and 31 civilian teams would be used to oversee the repeat voting, said Force Commander Derick Ngwebi.

Nevertheless, UNOB reported that the attacks on polling stations had resulted in the death of at least one Burundian civilian and the very serious head injury of a South African

peacekeeper, who had been evacuated to Kenya's capital for medical attention.

Despite the violence and intimidation methods used by the assailants, however, the voter turnout on election day across the other 123 communes was an astonishing 72 per cent according to UNOB. With that in mind, municipal elections are the first on the electoral calendar, with the parliamentary poll coming on 4 July, senatorial elections on 19 July, presidential on 19 August and district level on 23 September.

GHANA

According to President John Agyekum Kufuor, this is the time and place for business in Ghana because he believes that inflation will hit a single digit by the end of the year. Presently, the inflation rate is approximately 11.6%.

"There is peace in the land and with the recently established Commercial Court, the business community is assured of a speedy adjudication, should the need arise to protect its investments." President Kufuor gave this quote when he recently addressed the opening session of a five-day Coca-Cola Africa Public Affairs and Communications (PAC) Institute Training Conference; it was a motivational quote to assure investors that now is the time for new business ventures in this country.

The purpose of the Conference was to identify how Coca-Cola and other companies can make a better impact on the economies and people where they operate and to assess how companies can work constructively on the African Continent, especially in Ghana. President Kufuor believes this to be essential in "getting to know what the public wants and formulating policies to satisfy it must be the best approach for the success of not only businesses but policies."



South African woman displays her green peppers

AGOA AT 5: MUCH ACHIEVED, MUCH TO BE DONE

< By Florizelle B. Liser >

This past May marked the fifth anniversary of the enactment of the African Growth and Opportunity Act (AGOA). As we prepare for the Fourth AGOA Forum in Dakar, Senegal July 18-20, it is important to assess what has been accomplished under AGOA in the past five years and consider how best we can build on AGOA's success in coming years.



Florizelle B. Liser

AGOA was designed to change the U.S.-sub-Saharan African trade and investment relationship. It grew out of a recognition, in both the United States and Africa, that trade, not just aid, could be a key tool for U.S.-African

engagement and that increased trade could serve as an engine for African economic growth and development. In this respect, AGOA shares much in common with the New Partnership for Africa's Development (NEPAD). By offering substantial trade benefits to those sub-Saharan African countries making progress on economic and political

reforms, AGOA provides a powerful incentive for and reinforcement of African efforts to improve governance, open markets, and alleviate poverty. In addition, it provides a platform—via the AGOA Forum—for a high-level dialogue on U.S.-Africa trade and economic cooperation, and promotes new and stronger private sector partnerships between American and African companies. Importantly, AGOA also promotes U.S. investment and exports in sub-Saharan Africa by helping to create a more open, business-friendly environment in AGOA beneficiary countries.

AGOA has made a real difference in the lives of many Africans. By sparking hundreds of millions of dollars of

AGOA AT 5: MUCH ACHIEVED, MUCH TO BE DONE

Continued from page 7

new investment and tens of thousands of new jobs, AGOA has helped to reduce poverty and supported African efforts to become more active participants in the global economy.

At the center of AGOA are generous trade preferences that, coupled with those under the Generalized System of Preferences, allow almost everything produced in AGOA-eligible countries to enter the U.S. market duty-

free. Thanks to AGOA, over 98 percent of imports from AGOA beneficiary countries now enter the U.S. duty-free. The impact of AGOA on U.S.-Africa trade has been substantial. From 2000 to 2004, African imports into the United States rose 53 percent, from \$23.5 billion to \$35.9 billion. While oil continues to represent a large portion of African imports, the growth in non-oil imports—which has a strong multiplier effect on the economy—is especially noteworthy. Non-oil AGOA imports—including apparel, cars and car parts, and agricultural goods—increased from \$1.4 billion in 2001 (the first full calendar year after AGOA enactment) to \$3.5 billion in 2004.

The sub-Saharan African share of the U.S. imported apparel market has more than doubled since AGOA's enactment, reaching 2.7 percent in 2004. Among other sectors that have witnessed growth in AGOA imports are footwear (up 223 percent since 2000), toys and sportswear (up 79 percent), fruits and nuts (up 68 percent), and cut flowers (up 58 percent).

AGOA has also helped spark opportunities for U.S. businesses. Under AGOA, Africans are seeking U.S. inputs, expertise, and joint-venture partnerships, resulting in increased U.S. exports and investment. U.S. exports increased 44 percent from 2000 to 2004, and were up 25 percent in 2004 alone, when exports to sub-Saharan Africa grew by more than twice as much as U.S. exports to the rest of the world. At year-end 2003, the U.S. direct investment position increased 18.7 percent to \$11.5 billion. U.S. direct investment in Africa supports U.S. trade with the region and enhances U.S.-African business partnerships.

Admittedly, AGOA's impact has been uneven. Although more African countries are taking advantage of the benefits

of AGOA, much of the AGOA-related trade gains have been concentrated in a dozen or so beneficiary countries, and

some countries have yet to export anything under AGOA. And most of the non-oil AGOA imports have been concentrated in the apparel sector. These gaps in AGOA's impact—along with new challenges to AGOA apparel trade with the January 2005 elimination of global apparel quotas—justify a continued emphasis on trade capacity building support for AGOA countries.



Tengeru Flowers: farm in Arusha, Tanzania exports cut flowers to the EU and the U.S.

We appreciate that many African countries need assistance in taking full advantage of the market access opportunities provided by AGOA, either because of inadequate infrastructure or because they have little experience producing and marketing value-added products for the U.S. market. To address these challenges, the Administration has sought to make available the tools and training that African producers need to make the most of AGOA and to diversify their exports to the United States. For example, the U.S. Agency for International Development has established three regional trade hubs in sub-Saharan Africa, each with an AGOA adviser and other trade specialists.

Overall, U.S. trade capacity building assistance to sub-Saharan Africa in FY04 totaled \$181 million, up 36 percent from FY03. Among other things, this technical assistance has helped African businesses and farmers to identify market niches, to address quality and standards issues, to gain access to more timely market information, and to establish linkages with prospective American partners.

As part of the AGOA Acceleration Act of 2004, the Administration has commissioned a major study, to be completed this summer, which will identify the sectors with the greatest export potential in each of the 37 AGOA-eligible countries. The study will also identify barriers that are impeding growth in these sectors and make recommendations for technical assistance to reduce or eliminate these barriers.

We are also focusing special attention on helping AGOA producers to develop their considerable export potential in non-traditional and processed agricultural products. For example, in 2004, with funding from USAID, agricultural

AGOA has also helped raise the level, frequency and quality of the U.S.-Africa dialogue on trade and investment issues.

standards experts from the U.S. Animal Plant and Health Inspection Service were placed at each of the three USAID-sponsored regional trade hubs to help eligible African countries to meet U.S. import requirements and increase their agriculture exports under AGOA.

The end of global apparel quotas has already had an impact on apparel trade under AGOA. Competition in the textile and apparel sector has sharpened worldwide. Many analysts believe that the heightened competition will force some AGOA producers out of the market, and indeed factories in some AGOA countries have already closed. A recent USAID-commissioned study for the Common Market for Eastern and Southern Africa (COMESA) found that the AGOA tariff advantage can help some African producers to remain competitive and to retain their market share in certain apparel products. In the long-run, as competition continues to sharpen, African producers will need to find ways to reduce their relatively high production costs, especially in areas such as electricity, telecommunications, and transport. African producers can also increase their competitiveness by accelerating the vertical integration of the cotton-yarn-textile-apparel value chain, a trend for which AGOA's rules of origin provide incentives by promoting use of regional fabric.

Given the scale of the \$11 trillion U.S. market, AGOA producers—whether in apparel, footwear, cut flowers, or other products—can achieve success by capturing just a small portion of that market. Accordingly, AGOA producers should also consider strategies to enter niche markets in these product sectors.

AGOA has also helped raise the level, frequency and quality of the U.S.-Africa dialogue on trade and investment issues. The most notable way in which this has been done is via the U.S.-Sub-Saharan Africa Trade and Economic Cooperation Forum, informally known as "the AGOA Forum." This annual event, held in accordance with the provisions of AGOA, brings together high-level officials of the United States and AGOA-eligible sub-Saharan African countries to discuss means to strengthen cooperation on trade and investment matters.

President Bush and several U.S. Cabinet officials have participated in past AGOA Forums, and a high-level U.S. delegation is also expected at the July 2005 AGOA Forum in Dakar. As at past Forums, the private sector and civil society will also participate, demonstrating the continuing partnership across the public, private and non-governmental

sectors that has been a special feature of AGOA from the outset, and an important element in its success.

Prior to the AGOA Forum, there was no regular, high-level meeting involving U.S. and African officials. Now, thanks to the strengthened engagement promoted by the Forum, meetings between U.S. and African Cabinet-level officials occur regularly and trade topics have become an important agenda item in meetings between President Bush and African heads of state.

An important topic for U.S.-Africa consultations on trade is the advancement of the Doha Development Agenda global trade negotiations under the WTO. Sub-Saharan African countries have a huge stake in a successful outcome of these negotiations. AGOA has helped to promote greater sub-Saharan African participation in the multilateral trading system by strengthening Africa's trade and investment linkages with the United States and the world, underscoring the importance of trade liberalization for African growth and development. As President Bush said at the signing of the AGOA Acceleration Act last year, "No region has more to gain from free markets than Africa . . . And no region has more to lose from a stalled WTO process than Africa. By working together and by our example, we can show the world that a new global trade agreement can bring greater prosperity to all nations."

Congress and the Administration have demonstrated a continuing commitment to AGOA. In addition to allocating millions of dollars for AGOA-related trade capacity building, Congress has twice amended AGOA to enhance and extend its benefits—via the Trade Act of 2002 and the AGOA Acceleration Act of 2004. The Administration, with USTR leading interagency coordination, has implemented dozens of outreach and technical assistance programs to help translate AGOA into new trade, investment, and jobs.

In sum, AGOA has made great strides in increasing two-way U.S.-Africa trade and in enhancing the level and quality of the U.S.-Africa dialogue on trade, investment and development issues. All of those who have contributed to AGOA's success, including U.S. and African government officials, civil society, and, above all, African and American businesspeople and investors—including members of the Corporate Council on Africa—should be proud of these achievements. As we move forward, into AGOA's next five years, we will need the energy and commitment of all of these stakeholders to help achieve the full promise of AGOA.●

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U.S.-African Trade and Investment Highlights From the 2005 Comprehensive Report on U.S. Trade and Investment Policy Toward Sub-Saharan Africa and Implementation of the African Growth and Opportunity Act

Prepared by the Office of the United States Trade Representative

AGOA has been a measurable success, increasing our two-way trade with sub-Saharan Africa and diversifying the range of products being traded. In 2004, U.S. exports to sub-Saharan Africa increased 25 percent from 2003, to \$8.6 billion. AGOA imports (including GSP) were \$26.6 billion in 2004, an increase of 88 percent over 2003. Non-oil AGOA imports totaled \$3.5 billion, an increase of 22 percent from 2003.

In July 2004, President Bush signed into law the AGOA Acceleration Act of 2004. This legislation extends AGOA's authorization until 2015, including its special third-country fabric provision until 2007, mandates increased AGOA related technical assistance, and amends some technical provisions of the Act.

The United States devoted \$181 million to trade capacity building activities in sub-Saharan Africa in FY04, up 36 percent from FY03. With funding from USAID, in 2004, agricultural standard experts from the U.S. Animal Plant and Health Inspection Service (APHIS) were placed at each of the three regional TRADE Hubs to help eligible African countries to meet U.S. standards and increase their agriculture exports under AGOA.

The Administration has commissioned a major study to identify potentially competitive export sectors in each of the 37 AGOA-eligible countries, barriers that are impeding growth in these sectors, and to make recommendations to reduce or eliminate these barriers. The study will further contribute to U.S.



government efforts to maximize AGOA benefits across a wider range of countries and products. The study will be completed in July 2005.

Thirty-seven of the 48 sub-Saharan African countries are eligible for AGOA. In December 2004, Burkina Faso was added to the list of eligible countries, and Côte d'Ivoire was removed from the list. Three countries - Benin, Nigeria, and Sierra Leone - became eligible for AGOA's apparel benefits in 2004. As of April 2005, 24 sub-Saharan African countries are eligible to receive AGOA's apparel benefits. Ten of these countries also qualify for AGOA's provisions for hand loomed and handmade articles.

The elimination of global textile and apparel quotas at the end of 2004 presents special challenges to African textile and apparel exporters. To continue to retain and grow their market share in the face of increased global competition, eligible sub-Saharan African countries will need to find ways to reduce relatively high production costs, especially in areas such as electricity, telecommunications, and transport. They will also need to increase their external competitiveness

by accelerating vertical integration of the cotton/ yarn/textile/ apparel value chain, a trend for which AGOA's rules of origin provide incentives by promoting use of regional fabric.

Negotiations continued on a free trade agreement (FTA) between the United States and the five members of the Southern African Customs Union (SACU) - Botswana, Lesotho, Namibia, South Africa, and Swaziland. Given divergent views on some critical issues, the United States and SACU continued to work to establish a common vision for the FTA. The U.S.-SACU FTA is expected to create new commercial opportunities for U.S. and SACU companies, farmers, and workers.

The fourth U.S.-Sub-Saharan Africa Trade and Economic Cooperation Forum will be held in Dakar, Senegal in July 2005. Senior Administration officials from the United States are expected to join government ministers from the 37 AGOA eligible countries at this event. Hundreds of U.S. and African businesses and organizations will participate in the private sector and civil society dialogues to be held at the AGOA Forum. ●

West African Apparel: Seeing if the U.S. Market Fits < By Scott Nauman >

Berty Fong knows what many Americans like to wear right now. Across his 100 square foot booth at the ASAP Global Sourcing Show in Las Vegas, where apparel manufacturers from all over the world showcase their capabilities, Fong has created a display for the military-minded. Suspended along a metal clothing rack, fixed to the wall behind him, camouflage shirts and jackets demand attention. Fong is in America to find buyers who will place his clothing in their stores, or contract with him to manufacture their apparel lines.

He has already had some success: The multi-billion-dollar company Wal-Mart has agreed to buy 30,000 of his camouflage t-shirts and is finalizing an order for another 50,000 pieces of children's camouflage clothing and other products. Fong is smiling. "It has been a successful trip," he says. Fong is managing director of Belin Textiles International Ltd., one of Ghana's major apparel manufacturers. The company produces knitted and woven clothing, polo shirts, fleece garments, and other products. One of Fong's principal market targets is the United States, and he has worked closely with the West African Trade Hub (WATH) to ready his company to export clothing to the U.S.

WATH's mission, simply stated, is "to enhance West Africa's trade competitiveness." It is a project of the U.S. Agency for International Development, helping West African companies and governments take advantage of the African Growth and Opportunity Act (AGOA). It builds West African trade capacity and prepares sellers to approach the U.S. market. It also acts as a clearinghouse for information on trade, provides assistance to governments in implementing WTO agreements, and



works with individual companies to build awareness of trade opportunities. WATH also trains company representatives in how to build an international export business. It has helped Fong understand how to take advantage of AGOA, and the organization provided support for his booth at the ASAP show.

Fong is relatively new to Ghana. Growing up in the island nation of Mauritius, he moved to Ghana's capital of Accra in 2003 when he was offered tax and other incentives by the Ghanaian President's Special Initiative to relocate his operations. He brought machinery from Mauritius and set up a 20,000 square foot factory, which now employs a workforce of 150 workers and boasts a capacity of roughly 100,000 garments per month.

Buyers agree that Caroline Kendem's swimwear will match U.S. tastes.

The trigger of a dream

Caroline Kendem's operations in Cameroon are half the size of Fong's, but she is catching up fast. Smart and energetic, she too took advantage of USAID's help to display the products of her company, Brodwell, at the Las Vegas show.

It wasn't her first time at the show. "Last year, I sent samples to potential customers and paid for the shipping myself, and I never heard from some people again," she says. "It turns out these people weren't serious."

She is learning to weed out the buyers from the browsers, and she has also learned that the U.S. market is demanding when it comes to quality, especially in swimwear, her specialty. "The detail these buyers want is amazing," she says. She runs her fingers over the stitching of a sample bikini top. "I can only produce this in small quantities right now," she says, "but I hope to do more soon." She is looking for factories in other parts of Africa to team with on large orders.

"Textile manufacturers from Sub-Saharan countries have great chances to export to the U.S. market, as long as they carry good quality products."

For Kendem, WATH has made the difference. "It was the trigger of a dream," she says. "We got all the tips and appropriate knowledge to feel confident to export to the U.S. market." WATH pushed her to improve the quality of her products to

Continued on page 14.

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Continued from page 12.

be competitive internationally, she says.

She is currently expanding her factory to 10,000 square meters, aiming toward a capacity of 300,000 pieces per month. She wants to increase the number of employees from 60 to 400 by the end of 2005, and to achieve certification in Worldwide Responsible Apparel Production (WRAP). She is excited about negotiations with a major U.S. company to establish a joint venture for the U.S. market. And she recently won a prestigious award for her efforts to help employees and their families deal with AIDS (see inset text).

Among the several West African apparel companies in Las Vegas this year, Kendem's was clearly the most popular. She entertained a steady stream of visitors, and she came away confident of the future. "Textile manufacturers from Sub-Saharan countries have great chances to export to the U.S. market," she says, "as long as they carry good quality products."

West Africa Trade Hub consultant and Senior Ghana Customs Service Inspector Philip Mensah (right) explains AGOA certificates of origin to weavers Thompson Avornyotse (left) and George Ashiagbor.

Three challenges

Since the project began in early 2003, WATH's export business development component—which Abt Associates manages—has worked with dozens of small African businesses, helping them take advantage of export opportunities, mostly in agriculture, textiles and apparel. Its success has come from its intense focus on those it can truly help.

"The first key is identifying appropriate export-ready companies," says Margaret Bishop, an international

trade consultant from Tucson, Arizona and former deputy chief of party for WATH. "Once you do that, you target the technical assistance and then assist them in preparing for shows, exhibiting at the shows, and following up."

Bishop identifies three challenges facing WATH as it expands its help to more and more West African businesses. "The first need is to get the companies exposure and maintain it," she says. "It's not enough to show your face once a year in the U.S. and expect to get a container load of orders. Then you have to help them update their knowledge on evolving industry issues: customers, cargo security since 9/11, technology, the effect of lifting WTO quotas [on trade in textiles] and its impact on buyers."

Mariama Sesay's company is standing again after the Sierra Leone civil war.

After some thought, Bishop identifies a third challenge: Helping companies find sources of high quality inputs. It's not easy in Africa. WATH is working with several companies to help them locate good supplies, and on behalf of the trade hub, Bishop recently attended the Materials World show in Miami to meet suppliers of high quality fabric as well as apparel and textile inputs.

War and renewal

Along with her husband, Mariama Sesay owns and runs a clothing manufacturing company, Sayenu Industries, based in Freetown, the capital of Sierra Leone. Sesay, too, came to the ASAP show for a second time through the help of WATH.

She started a garment business 28 years ago in Freetown with four sewing machines and two hired tailors, making uniforms for schools and eventually for the police, the military, and the customs service. Her company grew steadily to more than

100 machines and 200 employees, and she started selling to neighboring countries. The future looked good.

Like many business people today, Caroline Kendem knows that commerce is about more than just earning money. She is finding ways to be a good corporate citizen in her native Cameroon, and her efforts have earned her a prestigious award.

As president of the Solidarity and AIDS Research Association (SAARA), she is helping her employees come to grips with the tragedy of AIDS, a serious problem in Cameroon, where 13 percent of the population is reported to be HIV-positive. Kendem donates one percent of company sales to SAARA to provide infant formula to HIV-positive mothers.

Working with the pharmaceutical manufacturer GlaxoSmithKlein, as well as the organization Medecins Sans Frontiers (Doctors Without Borders), Kendem has created a pilot program to provide training, counseling, HIV testing, and access to treatment for her workers and their families. Brodwell's workforce is primarily made up of women, who in the Western/Central African culture have little control over disease protection measures such as abstinence or condom usage. She knows the high cost to a manufacturing company of employee absenteeism and turnover. The program offers free access to treatment and testing for all her employees and their families and has existed for a year. Kendem led the way, volunteering to be the first one tested. So far only a handful have followed, but she is hopeful. "It takes time to get employees to trust you," she says. "This is a sensitive issue."

Brodwell is the only business of its size in Cameroon to offer such services to its employees. Kendem knows that keeping her workers healthy is good for the company, and good for Cameroon.

Her work has also begun to be recognized outside her country. On March 10, Kendem was presented with the Social Responsibility Recognition Tribute for Supply Chain Best Practices for her HIV/AIDS work. Her award for "Best Practice in Ethical Sourcing for Worker Wellness" was sponsored by Intertek Testing Services, a global provider of testing and inspection services, and conferred by an independent panel of judges. The award is intended to help lift the standards for social responsibility among suppliers to a number of industries around the world.

However, Sierra Leone fell into civil war, and in 1997 Sesay's factory was bombed. "The top floor was completely destroyed," she says, "and

the bottom floor was partially damaged. My children and I decided to leave the country." Her husband stayed, though. "He said, 'If the business burns down, I will go with it.'"

She and her children stayed in Ghana for four years, and when she returned to Sierra Leone, she realized she had lost more than a factory. "I had to build up our customer base again," she says.

As with many apparel businesses in West Africa, she began with bedsheets, selling to hotels in Sierra Leone as well as to individual customers in the police department and at banks. At the end of each month she would go around and

collect money. Eventually, she began growing internationally again, selling bedsheets to Ghana.

Now the company is more than halfway back to its former size, with 60 machines and 133 workers. It produces uniforms for the UN peacekeeping mission in Sierra Leone, as well as for nurses and the Special Courts and other government customers. Sesay is determined to make it all the way back, and more.

"I want to build the business to 300 or 400 workers," she says.

Fong, Kendem, and Sesay all know they are at the beginning of a long journey. "African manufacturers have to keep up their efforts," says Kendem. ●



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Navigating in a World Without Quotas < Amanda Hilligas >

In Mapotsoe, Lesotho, the normally bustling market stalls selling food, clothing, haircuts, telephone calls and other goods and services are eerily vacant. The usual customers, women employed by a local apparel factory, are not around because the factory that offered them their first step out of the informal sector closed at the end of 2004. The Basotho women who were earning a steady income at the factory have gone back home to the countryside.

Quota Expiration and the AGOA Apparel Trade

Lesotho is not alone in this phenomenon in Southern Africa. The apparel industries in Swaziland, Namibia, Botswana and other countries are facing new challenges and the direct impact of fluctuations in the global apparel trade.

The African Growth and Opportunity Act (AGOA), provided an incentive for investors to locate apparel manufacturing firms in Southern Africa to take advantage of tariff preferences and previously, quotas. For qualifying countries under AGOA, apparel firms can use non-U.S. fabric and yarn in apparel assembled wholly in Southern Africa for export to the United States until September 30, 2007. The results of AGOA provisions have been astonishing. Firms that located in Southern Africa supported an estimated 50,000 jobs in Lesotho and nearly 30,000 jobs in Swaziland. Jobs were also created in other countries throughout the region.

As shown in the graph, the leading Southern African apparel exporter under AGOA is Lesotho, with over \$456 million dollars of apparel exported to the United States in 2004. Other selected leading 2004 apparel exporters include South Africa,

Swaziland, Namibia, Malawi and Botswana.

January 1, 2005 marked the beginning of a new era in the global textile and apparel trade due to the expiration of quotas under the WTO

Agreement

on Textiles and Clothing (ATC). The ATC, or the transitional agreement regulating trade in textiles and apparel over the 10-year Multi-Fiber Arrangement phase-out period, required countries to remove trading restrictions in stages over a 10-year period ending in December 2004. On January 1, 2005, nearly 80 percent of clothing imports, or \$61 billion worth of textiles and apparel imports were liberalized.

Other factors Impact AGOA Apparel Trade

Quota expiration is not the only factor that is hampering the apparel trade from Southern Africa. Four leading factors impacting the industry include:

- Dollar/Rand exchange rate. The currencies of both Swaziland and Lesotho are pegged 1:1 with the Rand. Manufacturers in Swaziland have claimed losing 50 percent of potential revenue in 2004 due to the appreciation of the Rand.
- Elimination of Quotas. The elimination of quotas has resulted in increased international competition, especially from China.
- Vertical integration. Most firms, with



the exception of denim production in Lesotho, must import materials and other inputs from Asia for apparel assembly, which is a significant cost of doing business in Southern Africa.

- Time-to-market. Most countries in Southern Africa operate on a 90-day lead time, which is longer than most regions of the world. Companies are increasingly looking at time-to-market as a factor in doing business in Southern Africa.

As the global industry adjusts to this new trading environment, there will be winners and losers, but a good portion of apparel production is likely to migrate to regions that are cost-efficient and have developed economies of scale. Southern Africa is now competing with many other countries for U.S. marketshare. China is only one such country that has developed economies of scale and has the ability to produce nearly any type of apparel or textile product at a competitive price. Other second tier producers competing for additional marketshare include Bangladesh, India, Pakistan and Sri Lanka. Producers in China are also working to meet the changing demands of buyers, many who intend to

consolidate sourcing, and are looking for full package production, from design to finished product.

Some Hope for AGOA Apparel—and Export Diversification

Even though the pressure is on for AGOA apparel exporters in Southern Africa, there are a number of factors that will mitigate the impact of quota expiration.

First, exporters still enjoy the tariff preference that AGOA provides. Tariff preferences are higher for man-made vs. cotton apparel products. Some firms in Lesotho are diversifying into synthetics as a post-quota strategy.

Second, the United States is examining safeguards on categories of clothing exported by firms in Southern Africa. If safeguards are applied in product categories, the result will be uncertain periods of market opportunity for African apparel exports to the United States.

Third, buyers have indicated a desire to maintain some degree of globalized sourcing in a post-quota environment. Buyers may choose not to have all production in a few countries because of uncertainties in the global marketplace.

Fourth, apparel companies are working on improving productivity. The ComMark Lesotho Apparel project is encouraging textile and garment companies to invest in training. ComMark is encouraging the export orientated firms to train staff in order to improve factory productivity and human resources. Initial results have been promising, with some firms reporting between 22 and 25% improvements in output. Companies are now being encouraged to invest in improving the quality of the garments that they make. ComMark intends to hold conference in October 2005 where local manufacturers will be

introduced to additional training service providers, and regional denim and knit garment value chain suppliers.

Finally, countries are developing national AGOA strategies to try to maintain competitiveness in apparel, and to target other product areas under AGOA in light of the expiration of third-country fabric in 2007.

Efforts are underway in Swaziland and Botswana to form national diversification strategies under AGOA, in order to fully capitalize on the legislation and look at the other 6,000 items where there are tariff preferences. Councils in both countries will bring together the public and private sector including trade officials, labor representatives, business associations, and leading community officials. These national AGOA councils will be effective for three reasons.

First, the council representatives have special knowledge of the trade-related advantages and challenges of each country, and are in an excellent position to carry out analysis important for identifying the products that may be the most competitive under AGOA. Second, the councils can identify any local regulatory and structural obstacles to trade under AGOA and take action to address these problems. For example, there may be customs procedures that cause delays at the border, or problems with VAT refunds. Third, the councils will be developing action plans to fast-track products with potential

under AGOA in the short term, and will create strategies to attract investment and establish commercial linkages under AGOA in the long term.

The Southern African Global Competitiveness Hub, established by the United States Agency for International Development (USAID) in 2002 in Gaborone, Botswana, is working with Southern African countries, including Swaziland and Botswana on national AGOA strategies, and targeting additional sectors to increase trading opportunities available through the duty free access to the U.S. economy under AGOA.

It will take a number of years for the global apparel trade to adjust to the impact of quota removal, and the resulting impact on Southern Africa remains uncertain. However, it is certain that countries undertaking the AGOA national strategy process will be in a better position to maintain competitiveness in apparel, and expand export diversification under AGOA. ☉

Amanda Hilligas is the AGOA Trade Advisor at the Southern Africa Global Competitiveness Hub in Gaborone, Botswana. She may be reached at ahilligas@satradehub.org or (267) 3900884.

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AGOA UPDATE < By Rosa Whitaker >

Sub-Saharan Africa (SSA) is moving on to a higher growth path, helped by initiatives like the African Growth and Opportunity Act. As AGOA turns five, real GDP growth in SSA is at an eight year high of 5%. Together with our African partners, the US government and private sector have worked hard to see that the historic legislation delivers, and keeps delivering on its promise for all. There is much to cheer about in what has been achieved thus far but no time for resting on laurels.

It is important to reflect that as important as our victories were in getting the original AGOA and subsequent amendments enacted, these victories were not ends in themselves. Rather, they were part of a broader process aimed at creating conditions for Africans to start participating more fully in the opportunities accorded by the global economy.

Some may argue that the elimination, as of January 1 this year of quotas on textiles and apparel has rendered AGOA irrelevant. The edge that African garment exporters enjoy from duty-free access to the US market may not be enough for them to compete with the unconstrained output of Asian powerhouses like India and China. And while safeguard measures — like those which the Bush administration is now, to its credit, taking to slow surging Chinese imports—may keep US retailers sourcing from Africa for the time being, the relief can only be temporary.

Were we too optimistic that AGOA would turn African nations into competitive platforms for garment assembly overnight, able to go head-to-head with established titans like China? Perhaps. But the legislation we crafted was intended to help end Africa's dependence for export revenue on one or two commodities, not to create a new dependence, in this instance on

mass-produced shirts and trousers, themselves effectively another form of commodity.

The principal thrust of AGOA was, and is to assist reforming African countries diversify their economies, become more competitive and attract investment into a range of value-adding industries. To be sure, based on successful models of development in the Far East, there was a consensus that garment manufacture was a tried and true entry point for industrial diversification. And few would seriously question that it still has an important role to play, even in the post-quota age.

Nonetheless, the time has come to recognize Africa cannot outdo China by trying to be China. Instead, we should use AGOA, and related tools like the Millennium Challenge Account, to help see that Africa succeeds by being Africa and by making the best and most productive possible use of its own endowments.

Yes, the value of Africa's AGOA exports is growing steadily. Last year, the US imported more than \$26 billion worth of products from Africa duty-free under AGOA, up 88% from 2003. But the bulk of both the overall volume and the increase was accounted for by oil. Non-oil imports were up a rather more sedate 22% to \$3.5 billion, chiefly comprised of apparel and agricultural products. This steady diversification of AGOA trade is, nonetheless, good news.

Complementing existing capacity building efforts, more needs to be done to expand the range of goods being exported under AGOA, and the number of countries exporting them. There are more than 6000 products AGOA beneficiaries could be shipping to the US duty-free, but only a fraction of these opportunities are being exploited.

I am confident that this will be a major topic of discussion at the AGOA Forum in Dakar, Senegal, in July, informed by

the administration's eagerly anticipated study of potentially competitive export sectors in the 37 economies that are currently AGOA-eligible. A number of specific ventures will be unveiled at the associated private sector forum, expected to complement the Corporate Council on Africa's June Summit, and also serving as one of the most significant gatherings of US and Africa businesses.

On the textile and apparel front, there is still plenty of room for growth notwithstanding China. Africa stands to reap considerable productivity gains through vertical integration—using its own cotton to spin fiber for its own cloth to be sewn into its own garments. As expanded last year, AGOA guarantees duty-free treatment for such garments until 2015.

Other emerging opportunities include household furnishings, cosmetics, synthetic fibers produced from oil residue, organic agricultural products as well as agricultural byproducts. The US market for pyrethrum, a natural insect repellent produced by chrysanthemum plants, is largely untapped and could be a major boon for East African producers like Kenya, Rwanda and Uganda.

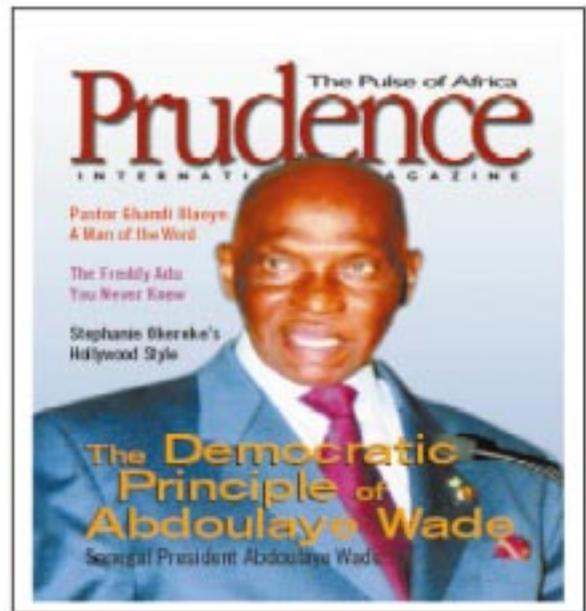
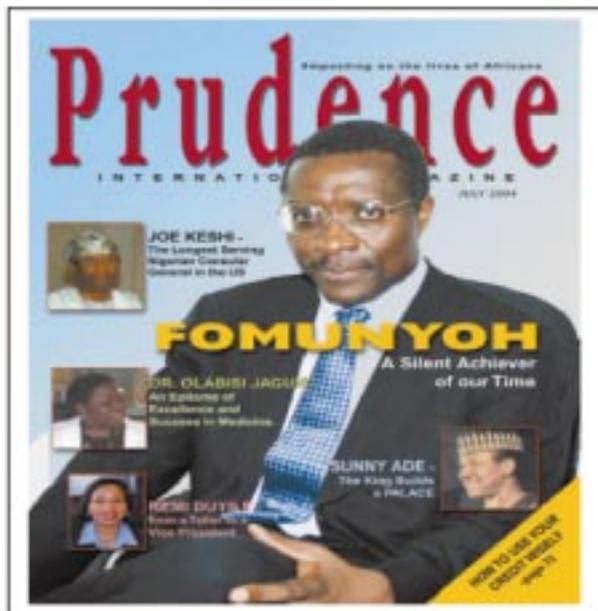
So let us rededicate ourselves to ensuring that the remarkable process we began five years ago and which, on a truly bipartisan basis, we have continued to expand and refine ever since keeps on delivering. Together, both in the US and Africa, we have created opportunities but we need to keep working to ensure the opportunities can be and are seized. Despite or more accurately because of the end of apparel quotas, AGOA is perhaps more relevant today than it ever has been. ●

Rosa Whitaker, Co-Chair of the AGOA 3 Action Committee and President of The Whitaker Group served as Assistant US Trade Representative for Africa in the Administrations of George W. Bush and Bill Clinton

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AGOA Faces Its Most Serious Challenge with the End of the MFA

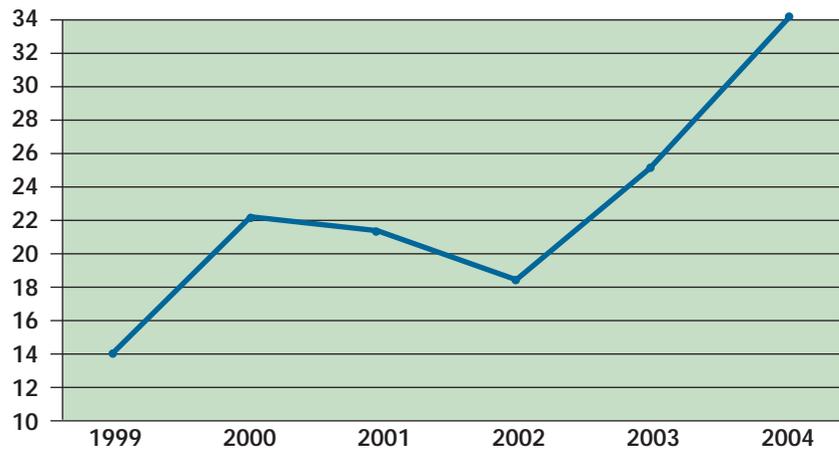
< By Paul Ryberg >

The landmark African Growth and Opportunity Act (AGOA) was enacted five years ago in May 2000. AGOA has been a tremendous success in redefining U.S. economic policy toward Africa by emphasizing the importance of the private sector and trade in achieving sustainable economic development. AGOA's trade preferences have attracted millions of dollars of new private sector investment to Africa, have created hundreds of thousands of new jobs, and have spurred a 150% increase in African exports to the United States, all in just five years.

Skeptics have suggested that these statistics overstate AGOA's impact, arguing that most of this growth in trade consists of crude oil imports from West Africa that the United States would have imported even if AGOA had never been enacted. While it is of course undeniable that energy products do account for the lion's share of the increase in U.S. imports from Africa, that fact does not diminish the importance of the growth in trade in various other sectors, most notably apparel, agricultural products, transportation equipment, and forest products.

The growth in AGOA trade has been especially impressive in the apparel sector, where U.S. imports from Africa have grown by a remarkable 243% through 2004. This growth in apparel imports should come as no surprise, however, because the Multi-Fiber Arrangement (MFA) system of worldwide quotas was a perfect crucible for attracting new investment and growing export opportunities. By restraining the level of apparel imports from China, India, Pakistan and the other leading apparel producers, the MFA quotas forced U.S. apparel importers and retailers to diversify their sources of supply. AGOA

U.S. Imports from Africa (\$ billion)



AGOA Imports by Product 2001-2004 (\$ million)

	2001	2004	% Change
Energy Products	\$14,271	\$26,299	84.3%
Minerals and Metals	\$3,082	\$4,344	40.9%
Textiles and Apparel	\$998	\$1,802	80.6%
Agricultural Products	\$836	\$1,149	37.4%
Chemical Products	\$660	\$716	8.5%
Transportation Equipment	\$399	\$651	63.2%
Forest Products	\$119	\$178	49.6%
Footwear	\$1	\$2	100.0%

U.S. Apparel Imports from Sub-Saharan Africa

	U.S. Imports (million square meters)	% Increase
1999	128.203	
2000	164.161	28%
2001	218.417	33%
2002	277.232	27%
2003	398.806	44%
2004	440.184	10%
1999-2004		243%

capitalized on this system by extending duty-free treatment to qualifying apparel made in Africa, thereby making Africa an attractive sourcing option.

The Challenge Posed by the End of the MFA

But ironically, the MFA system of quotas that helped make AGOA a success is now presenting the most

serious challenge to AGOA to date. In the Uruguay Round Agreement on Textiles and Clothing, the WTO member nations agreed to terminate the MFA quotas effective January 1, 2005. As had been widely expected, with the lifting of the MFA quotas, apparel imports from China shot up, growing by 65% during January-April 2005 over the same period last year.

While a 65% increase may not seem especially devastating at first blush, China was already by far the largest supplier of apparel to the United States even before the end of the MFA quotas. The volume by which apparel imports from China have grown is staggering, especially when compared to U.S. imports from Africa. Thus, the amount by which U.S. apparel imports from China grew during January-April 2005 is more than four times the size of total U.S. apparel imports from Africa during the same period. China now accounts for 27% of total U.S. imports of textiles and apparel, up from 16% last year. Many experts predict China will capture 50-75% of the U.S. apparel market within the next few years. By contrast, all of Africa together currently supplies less than 2% of the U.S. market. Even more troubling, during January-April 2005, apparel imports from Africa fell by 7.08%, the first drop since AGOA was enacted:

The terms governing China's accession to the WTO authorize importing countries to impose temporary safeguard quotas in the event apparel imports from China threaten market disruption after the MFA quotas had expired. Such safeguard quotas were authorized only through 2008 and were to be set no lower than 107.5% of the level of actual imports during the preceding 12 months.

The U.S. domestic textile industry filed numerous safeguard petitions late last year, alleging that the termination of the MFA quotas on January 1, 2005, would lead to a surge in textile and apparel imports from China. Those

U.S. Textile and Apparel Imports from Africa

Country	January-April 2004 (million sme)	January-April 2005 (million sme)	% Change
Botswana	1.370	1.782	30.07%
Ghana	2.929	2.932	0.10%
Kenya	25.013	27.218	8.82%
Lesotho	36.940	34.922	<5.46%>
Madagascar	20.243	21.841	7.89%
Mauritius	13.890	10.973	<21.00%>
Nigeria	0.009	0.008	<11.11%>
South Africa	18.764	10.267	<45.28%>
Swaziland	20.005	20.027	0.11%
Tanzania	0.401	0.509	26.93%
Sub-Saharan Africa	150.739	140.061	<7.08%>

threat-based petitions, however, were enjoined in a lawsuit brought by the U.S. Association of Importers of Textiles and Apparel (USA-ITA), which challenged the legal authority of the Department of Commerce to impose safeguards solely on the basis of a threat of injury, as opposed to actual market disruption.

With the threat-based safeguard petitions in legal limbo, the Department of Commerce announced on April 4, 2005, that it had self-initiated safeguard petitions on several categories of apparel products imported from China based on data on actual imports during the first quarter of 2005: Category 347/348 cotton trousers, Category 338/339 cotton knit shirts and blouses, and Category 352/652 cotton and man-made fiber (MMF) underwear. The same products were also the subject of safeguard petitions filed by the U.S. domestic textile industry late last year based on the threat of market disruption once the MFA ended. Ironically, within days of the filing of the new safeguard petitions, the U.S. Court of Appeals reversed the lower court ruling, lifting the injunction and authorizing Commerce to resume

consideration of the prior threat-based petitions.

Two days after Commerce self-initiated its safeguard petitions, on April 6, 2005, the U.S. domestic textile industry filed its own new safeguard petitions covering 14 additional categories of products:

- Category 340/640 cotton and MMF non-knit shirts;
- Category 345/645/646 cotton and MMF sweaters;
- Category 349/649 cotton and MMF brassieres;
- Category 350/650 cotton and MMF dressing gowns;
- Category 620 other synthetic filament fabric;
- Category 638/639 MMF knit shirts; and
- Category 647/648 MMF trousers.

Significantly, the growth in imports from China has been especially dramatic in the product categories that are subject to the safeguard petitions:

- Category 338/339 up 1,250%;
- Category 340/640 up 284%;

- Category 347/348 up 1,500%;
- Category 345/645/646 up 204%;
- Category 349/649 up 35%;
- Category 350/650 up 37%;
- Category 352/652 up 300%;
- Category 620 up 770%;
- Category 638/639 up 331%; and
- Category 647/648 up 269%.

Especially troubling is the fact that the vast majority—83%—of Africa's apparel exports to the United States are concentrated in precisely those product categories in which the growth in imports from China has been most dramatic:

CITA announced on May 13, 2005, that it has determined that market disruption is being caused by surging imports from China of the products covered by its self-initiated safeguard proceedings: Category 338/339 knit cotton shirts and blouses, Category 347/348 cotton trousers, and Category 352/652 cotton and MMF underwear.

The affirmative findings on these safeguard petitions will now lead to a formal request for consultations with China. If a mutually agreeable resolution is not reached within 30 days, the United States may then impose safeguard quotas at 107.5% of the level of actual imports during the prior 12 months.

The products that are the subject of these safeguard petitions and market disruption findings account for 61% of U.S. apparel imports from Africa. The products that are the subject of the still-pending safeguard petitions filed by the domestic industry represent another 22% of Africa's apparel exports to the United States. These additional petitions are under a different time schedule than the self-initiated proceedings. Many observers expect that CITA will shortly issue findings of market disruption under

AGOA Apparel Imports

	Product	2004 U.S. Imports (million sme)	% of Total U.S. Imports from Africa
338/339	Knit shirts	93.981	21.4%
340/640	Non-knit shirts	15.400	3.5%
345/645/646	Sweaters	4.095	0.9%
347/348	Trousers	171.379	38.9%
349/649	Brassieres	0.026	<0.1%
350/650	Dressing gowns	2.282	0.5%
352/652	Underwear	2.585	0.6%
620	Synthetic Filament Fabrics	1.182	0.3%
638/639	MMF Knit Shirts	36.686	8.3%
647/648	Trousers	38.710	8.8%
	Total	366.326	83.4%

these additional petitions as well.

Assuming safeguard quotas are eventually imposed on these products, U.S. importers and retailers are likely to be interested in continuing to source such products from Africa, at least during the pendency of any such safeguard quotas, which are authorized for only one year at a time subject to renewal until 2008. But important as safeguard quotas may be in maintaining Africa's share of the U.S. market for these products, such safeguard quotas are at best only a temporary band-aid, not a permanent solution. Rather, the only way for African apparel manufacturers to maintain their exports to the United States in the longer term is for them to become internationally competitive.

The Challenge Posed by the End of Third-Country Fabric

Unfortunately, the authorization for safeguard quotas will expire at almost exactly the same time that the AGOA LDCs will lose the ability to utilize third-country (i.e., non-U.S./non-African origin) yarns and fabrics.

AGOA originally permitted the LDC beneficiaries to use third-country yarns/fabrics only through September 30, 2004. This provision was intended to serve as a temporary inducement to the development of the apparel sector while regional yarn/fabric production capacity was expanded. The longer-term goal was to develop an internationally competitive textile sector in Africa to supply the input requirements of the apparel industry. To date, however, 85% of the duty-free apparel imports from Africa under AGOA have been made in LDC beneficiaries from third-country fabric. Only 10% of the apparel imported under AGOA has been made with African-origin yarns/fabrics.

By 2004 it had become evident that the regional yarn/fabric sector had not expanded sufficiently to supply the input requirements of the growing apparel sector. Accordingly, in August 2004 Congress passed the AGOA Acceleration Act, which inter alia extended the eligibility of apparel made from third-country fabric for three more years, i.e., through September 30, 2007. In an unfortunate coincidence, the LDCs'

access to third-country fabric will now expire within three months of the end of the authority for safeguard measures against surging imports from China.

Analysts are now beginning to question, therefore, whether it is realistic to expect the African apparel industry to adapt simultaneously to unfettered competition from China coupled with the loss of duty-free eligibility of apparel made from third-country fabric, which has been the mainstay of the African apparel industry so far under AGOA.

Accordingly, consideration is being given to measures to assist in what will be at best a very difficult transition. Among the various options under

consideration are measures to encourage investment in the African yarn/fabric industry to expand its capacity and make its products more price-competitive.

In the long run, the African apparel industry will have to become internationally competitive on its own merits and without preferences if it is to survive. In the meantime, however, the immediate question is whether it is reasonable to expect the infant African apparel industry to be able to stand on its own in the drastically altered international apparel trade environment following the end of the MFA. The answer to this question will profoundly affect the future success of AGOA. ●

Paul Ryberg is the senior partner in the Washington, D.C. law firm of Ryberg and Smith, L.L.P., where his practice focuses on international trade law, including U.S.-Africa trade in particular. Mr. Ryberg is recognized as one of the leading experts on AGOA. Mr. Ryberg is also the President of the African Coalition for Trade (ACT), a nonprofit trade association of African private sector companies and chambers of commerce involved in trade with the United States. ACT served as the primary spokesperson for the African private sector in the development, implementation and amendment of AGOA. Mr. Ryberg was the Co-Chair of the Private Sector Session of the U.S.-Africa Trade and Economic Cooperation Forum, which was held in Mauritius in January 2003. He has also been a member of the organizing committee for all other meetings of the AGOA Forum.



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HIV/AIDS in the Marketplace: The Importance of Building Workplace Policies < By Elizabeth S. Corley >

Globally, approximately 26 million people with HIV/AIDS remain in the workforce today; the majority of them are living and working in Africa. The private sector's objectives of growing markets and increasing productivity are blunted by frequent employee absenteeism and illness, declining productivity and eventually death because of HIV/AIDS and the socio-cultural impact of this epidemic. The consequence of this scenario played out throughout much of Southern Africa and in some countries of West and Central Africa not only raises the risk profile for private sector investment, but increases labor and production costs, shrinks markets and renders many African economies non-competitive at a time when AGOA III hopes to "level" the trade playing field. While it is accurate that the workplace is negatively affected by HIV/AIDS, the same environment holds an important resource for industry managers and corporations, large and small, to better address the epidemic. The workplace is a convenient and effective venue for HIV/AIDS awareness raising and prevention training; it offers an opportunity to forge collaboration between employees, managers, public policymakers and communities seeking to reduce HIV transmission and defy stigma.

Workplace Health Policies and HIV/AIDS

Any successful company invests in the health and welfare of its employees, and when necessary, it leverages these benefits and extends them to the families and communities of its workforce. This linkage strategy is of critical importance in the context of Africa and HIV. Each organization must understand the impact of worker health

on its product or business and create policies that are specific, comprehensive and effective.

- Specific—to the company, its employees, its resources, and the community
- Comprehensive—addressing all the relevant policy areas
- Effective—with stakeholder commitment and ongoing implementation monitoring and evaluation

Corporate policies must express the shared values of the workforce and articulate management's commitment to these values; In the case of a highly stigmatized infection such as HIV/AIDS, this commitment becomes the lynchpin to a successful strategy for raising awareness and prevention of new infections. Clarity of policy, access to peer guidance on issues such as voluntary testing, assurances of confidentiality, and availability of affordable services are fundamental. Also critical is linkage to public sector and community-based programs that serve as duplicate channels of information, reinforcing workplace messages about risk behaviors and behavior change strategies, addressing gender equity concerns and underpinning community mobilization, and creating a synergistic program.

The Futures Group Workplace Policy Builder

Futures Group, a Constella company and CCA member, has developed a software template for the creation of HIV/AIDS policies; it is free and available online at the CCA HIV/AIDS Initiative website. The Workplace Policy Builder provides the resources necessary to create an effective and tailored policy for your company including calculating



The Namibian Farm Workers Union representative spoke at the launch of a project that brings together government, employers, and workers to reduce stigma and discrimination of those infected with HIV/AIDS. The project focuses on the agricultural sector, where 70 percent of the workforce is employed.

disease impact on your workforce, estimating the cost/benefit of establishing a policy samples of best practices across sectors and industries, and innovative approaches to treatment access. Additionally, the software features a cost estimating tool to calculate costs related to the policy and its implementation.

A wide range of U.S. and African-based companies are using this software. For example, small and medium-sized enterprises in an export-processing zone in Kenya; a large electric company in Mozambique; grape farms in Namibia; and most recently, a large AGOA-certified textile manufacturer from China have all used this tool in collaboration with their stakeholders. The textile manufacturer, located in Lesotho, employed a 13-member policy development team (of managers, union leaders, and workers), to formulate the company's workplace policy on HIV/AIDS, incorporating national statutes and accommodating Lesotho custom and cultural approaches to issues related to the transmission of HIV. The result is a corporate HIV/AIDS policy endorsed and enforced by management and embraced by the company's 8,000 workers. ©

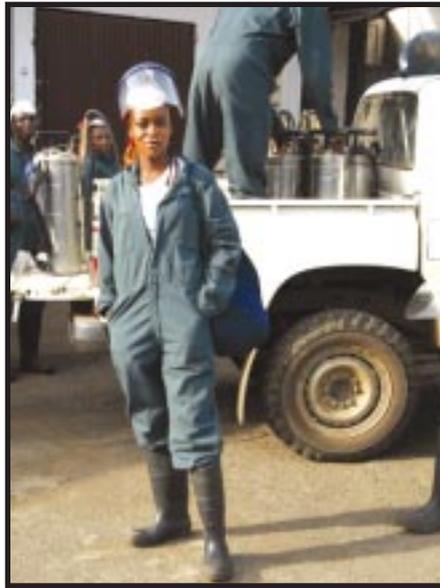
Business Performance and Social Expectations: Promoting Public-Private Collaboration < Thomas W. Stephens >

New Models of Collaboration

Many global companies operating in Africa have long sought to facilitate local economic and social development through their business operations and corporate social responsibility (CSR) programs. Over the last few years, however, understanding on the part of African governments and private companies about the ways these objectives can be achieved have shifted, creating opportunities for both parties. Both governments and companies have come to expect more corporate support in helping to meet African countries' development goals. African governments and corporations are beginning to work in a new spirit of partnership that recognizes the mutual benefits from increased collaboration.

The experience of TCC Group working with clients in Africa and other developing regions suggests the following "enabling requirements" for successful public-private partnerships (PPPs) that meet both business objectives and broader societal goals:

- Clearly defined need or gap to be addressed by the PPP that is a priority for all partners
- Complementary skill sets or resources of each partner
- Expected benefits to each partner
- Cost, risk and conflicting values are seen as manageable or surmountable



Marathon: anti-malarial sprayer team

- Bundling of inputs has added value—the whole is greater than the sum of parts
- Each partner is willing to lose some element of control by allowing joint decision-making

Turning Theory into Business Practice

Two examples of international companies that have demonstrated new forms of public-private collaboration are Marathon Oil and Nestlé.

Marathon Oil

Marathon has had operations on Bioko Island, Equatorial Guinea since January 2002. Malaria was identified as a key issue for Marathon's

employees and the local community. It became clear that by addressing malaria to provide a safe and healthy working environment for company employees, Marathon could also make a significant difference to the lives of all citizens living on the island. Marathon and its partners looked for a long-term health solution that could eliminate or significantly reduce the transmission of the malaria parasite. The outcome was a public/private partnership that involves the Ministry of Health and Social Well-being, Medical Care Development International, One World Development Group, the Medical Research Council of South Africa, Yale University Medical School and the Harvard School of Public Health. A five-year, \$8 million malaria transmission reduction program was rolled out in August 2003. To date, the initial results have been very encouraging:

- Data from monitoring sites showed a significant reduction in the number of disease-transmitting mosquitoes captured by window traps installed in local houses.
- The estimated number of malaria-infected mosquitoes fell by 80% as a result of the first round of spraying.
- The relative risk of receiving an infective bite is estimated to be only 20 percent of the level before spraying began.
- 2005 data on the number of children between the ages of 2 and

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As part of its support to the UN Millennium Development Goals, Nestlé is backing community-based HIV/AIDS programs in several African countries.

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15 with malaria parasites in their blood, suggests an improvement of more than 25 percent compared to a 2004 baseline.

Nestlé and Sustainable Cassava Production

As a global company, Nestlé has 27 factories throughout Africa and numerous distribution and management centers. As part of its support to the UN Millennium Development Goals, Nestlé is backing community-based HIV/AIDS programs in several African countries. Among them are partnerships with national Red Cross Societies on large-scale HIV education programs.

For example, in 2004, more than 800,000 Nigerians received HIV/AIDS awareness education in a joint

program with the Nigerian Red Cross. The initiative involves 2,600 peer educators reaching youth in 12 Nigerian states with high HIV/AIDS prevalence rates. In addition, Nestlé is providing funding for home care support of 7,000 people with HIV/AIDS. Nestlé also been actively involved in Nigeria's HIV/AIDS Private Sector Council. Similar programs are being undertaken in other African countries.

New Models, New Realities

With over 25 years' experience working with foundations, NGOs, donor agencies and corporations, the TCC Group has seen public-private interaction change considerably. Today, the active pursuit of addressing both business objectives and societal needs - often through new models of

partnerships - has demonstrated that the distinction between business performance and corporate social responsibility is crumbling. At the heart of these partnerships is an agreed framework between governments and private companies that articulates the synergies between business performance and effective ways to address local concerns. For companies, making decisions to support social programs need not be simply a "cost of doing business" or philanthropy, but an investment with measurable outcomes and expected reputational value that improves a company's balance sheet performance, while helping local communities.®

For additional information contact Dr. Thomas Stephens at tstephens@tccgrp.com or (1-703) 298-8483 or visit the TCC Group website: www.TCCGrp.com.

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Category Number 9: AGOA's Best-Kept Secret < By Anna Flaaten >

The African Growth and Opportunity Act (AGOA) provides duty-free preferential treatment for eligible apparel articles made in qualifying sub-Saharan African countries, granting African exporters favorable access to the U.S. apparel market. Most of the apparel benefits under AGOA for African apparel manufacturers are well known, including making apparel using U.S., regional, or third-country fabric. U.S. Customs and Border Protection categorizes these into 8 different categories or groupings. The final grouping, and one of the most important categories, is "Category 9". This grouping covers hand-loomed, handmade, folklore articles and ethnic printed fabrics.

Category 9 provides duty- and quota-free benefits for hand-loomed fabrics, handmade articles of such hand-loomed fabrics, folklore articles, and ethnic printed fabrics made in beneficiary sub-Saharan African countries. Category 9 differs from the other apparel provisions of AGOA because it covers more than just apparel includes—fabrics, home furnishings, and decorative items—provided they meet the provision's criteria.

It's important to distinguish between the different types of articles imported into the United States under Category 9. "Folklore Articles" and "Ethnic Printed Fabrics" are subject to a series of requirements, including that the articles are historically traditional to Africa. In contrast, "hand-loomed fabrics" and "handmade articles of such hand-loomed fabrics" are not subject to these same requirements. Rather, such articles must be completely hand-loomed and handmade, which permits any design on such articles to qualify for preferential treatment. For example,

samples of products ranging from hand-loomed kente cloth from Ghana, decorative woven mohair rugs from Lesotho, and silk scarves from Ethiopia were sent to us during the approval process for Category 9.

Is there a market in the United States?

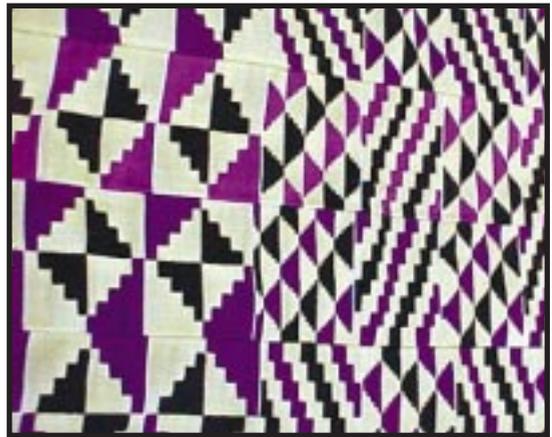
A question frequently asked is whether there is market in the United States for these types of articles. There are many niche markets in the United States for traditional, hand-made, and folklore articles. With a focused effort, such African articles could be very successful. Although exports are increasing, this aspect of the AGOA remains underutilized.

Who benefits?

This provision is intended to provide preferential treatment to the rural textile artisans who produce items on a small-scale. Hand-loomed fabrics, handmade articles of hand-loomed fabrics, folklore articles, and ethnic printed fabrics are unique products of African origin that meet the needs of a market separate from the usual commercial market.

Who's eligible?

As of April 2005, 24 countries were eligible to receive apparel benefits under AGOA. Twelve of these eligible countries have consulted with the United States and obtained eligibility for Category 9 benefits. Specifically, as of April 2005, Botswana, Ghana, Kenya, Lesotho, Malawi, Mozambique, Namibia, Swaziland,



Example of a hand-loomed kente cloth from Ghana

and Zambia have been approved for the hand-loomed and the handmade articles of hand-loomed provisions. In addition, Ghana, Mozambique and Tanzania have benefits for folklore articles. The Committee for the Implementation of Textiles Agreements is currently reviewing proposals submitted by Ethiopia, Nigeria, Senegal, and Sierra Leone. Several countries are currently seeking benefits for ethnic printed fabrics.

Obtaining Category 9 Eligibility

The Committee for the Implementation of Textile Agreements (CITA), after consultation with the Commissioner of Customs, has the authority to consult with beneficiary sub-Saharan African countries and to determine which, if any, particular textile and apparel goods shall be treated as being hand-loomed, handmade, folklore articles, or ethnic printed fabrics. Each country's government must submit product samples to CITA for review and approval. ●

For more information on Category 9, including the application process, please visit <http://otexa.ita.doc.gov>, and click on "AGOA".

Books For Africa and U.S. Corporations Partner to Strengthen African Education < By Patrick Plonski >

Although many people have heard of the genocide that devastated Rwanda in 1994 -fewer have heard of the efforts underway to rebuild Rwanda's infrastructure, political institutions, and human resources. Recently Books For Africa and Lawson Software teamed up to do their part in this effort to rebuild Rwanda by shipping approximately 25,000 textbooks to schools, libraries, and orphanages throughout the country.

Books For Africa has partnered with a number of U.S. corporations and foundations to send educational relief efforts to sub-Saharan Africa over the years. "We welcome the opportunity to work with other U.S. corporations in the future to sponsor the delivery of textbooks and school materials throughout Africa," said Books For Africa Executive Director Pat Plonski.

The shipment to Rwanda was organized in April of 2004, on the occasion of the 10th anniversary of the genocide in Rwanda. Books For Africa was proud to co-host a Minnesota visit of a presidential delegation from the Republic of Rwanda, with President Paul Kagame speaking about efforts to rebuild schools and infrastructure and increase levels of education and human development. In collaborative effort, students from the University of

Minnesota and St. Paul Schools collected books to ship to Rwanda by Books For Africa. Lawson Software provided a financial donation of \$9,100 to ship a 20-foot sea

container with 25,000 textbooks to Kigali, Rwanda. Additional funds of \$1,029 were raised by the youth group of the Church of the Epiphany in Plymouth, Minnesota to assist in providing shipping costs for this effort.

This container of textbooks and other donated materials—13 tons of humanitarian relief supplies—left Minnesota on April 20, 2005, and will arrive in Rwanda for distribution in June of 2005.

"I wish to thank you for spearheading the collaborative effort between Books For Africa, Lawson Software and students of the University of Minnesota to collect textbooks for students in Rwanda," Kagame said. "Improving our human resources through education is our



Pictured above at a special reception at the residence of the President of the University of Minnesota are Dr. Robert Jones representing the University of Minnesota; Winston Hewett representing Lawson Software; President Paul Kagame of Rwanda; and Pat Plonski representing Books For Africa.

government's priority and we therefore look forward to a partnership with Books For Africa to provide textbooks to schools in Rwanda."

Books For Africa is a 501 (c)(3) NGO based in St. Paul, Minnesota. sBooks For Africa is the largest shipper of donated textbooks to the African continent, shipping over 12 million books to 24 African countries since 1988 and 1.4 million books valued at \$13 million last year alone. Organizations interested in sponsoring any number of containers of schoolbooks to Africa can contact Pat Plonski at Books For Africa by phone at 651-602-9844; by e-mail at Patrick@booksforafrica.org; on the web at www.booksforafrica.org ©

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¹Merck & Co., Inc., is known as Merck, Sharp & Dohme (MSD) in most countries outside the United States.



Boosting the Economy One Artisan at a Time < By Maya Chertock >

More than 25 artisans, all with their own unique products, gathered under one roof during the 2005 CCA Artisan Fair held in conjunction with the biennial U.S.-Africa Business Summit. The handcrafted products ranged from beaded jewelry, to woven wall hangings, wooden furniture, stone sculptures, to other traditional handicrafts. The venue provided unparalleled opportunity for the African artists to showcase their products to prestigious buyers including the National Geographic Store, The Smithsonian, and Target Stores. Conference participants and the general public also attended the fair.

The exhibit brought together highly skilled artisans from all over Africa, many of whose professional goals align with their broader commitment to poverty eradication through skills development and enterprise. Several CCA Artisan Fair participants have developed artist collectives that have had real economic impact on their home communities.

SA Jewel's company mission incorporates training and empowerment initiatives for unemployment women. SA Jewel, located in South Africa, is one of the first South African companies to conduct training in the art of bead craft. It currently employs 40 women who were previously unemployed; these women are now professional bead crafters whose careers have improved their quality of life and that of their communities.

Also participating was Utonga Gallery of South Africa, which

showcased some of Africa's most sought after sculptures. It boasts an enormous collection of sculptures produced by artists with exhibits at some of the world's most renowned museums including the Louvre in Paris and the New York Museum of Art.

One story is that of Makhosi Shoba, a worker with the South African company Sizana Crafts. Shoba has overcome extreme poverty as a result of her drive and artistic talent, and her trip to the United States marked her first foray out of Kwazulu-Natal Province, South Africa. Shoba has now flown on a plane, stayed in a nice hotel and dined in fine restaurants. It is experiences like this one and raising a family out of poverty that make the expense and effort of running a

company worth it, explained Tracey Collier, founder of Sizana Crafts.

The majority of these small companies recognize the value in joining forces to achieve cost efficiency and credibility. Their viability, moreover, as sustainable enterprises, marks an important break in the dependency cycle. Until recently, most of these companies - and others like them—have relied on government or donor-funded support. One artist, one company, one consortium at a time, success stories like these are building Africa's confidence and laying the foundation for its future.

Listed below are all the exhibitors from the 2005 fair. Check out their web sites to learn more about them and to browse their catalogs:

Utonga Gallery, South Africa	www.utonga.com
Sizana, South Africa	www.sizanacraft.co.za
Mihlumo Arts, South Africa	not available
Zandla Expressions, South Africa	www.gatewayexchange.co.za
SA Jewel, South Africa	www.sajewel.com.za
Swazi Candles, Swaziland	www.swazicandles.com
Karakulia Weavers, Namibia	www.karakulia.co.na
Chifundo, Malawi	www.chifundoartisansnetwork.com
Negist, Ethiopia	not available
Indigo, Mali	www.indigo.com.ml
Koch B. Design, Senegal	www.kochb.com
Gie - Dani, Niger	www.artisanat-equitable-niger.com
Earth Edge Creations	not available
Tjina Nkando Crafts, Botswana	www.tjinankandcrafts.co.bw
Botlhale Jwa Phala Trust, Botswana	not available
Mumwa Crafts Assoc., Zambia	not available
Gambian Association of Entrepreneurs, Gambia	not available
Villages Artisanals D'Ougadougou, Burkina Faso	www.artisanat-burkina.com
Mother Land Adventured, West Africa	www.motherlandadventures.com

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American Worldwide Inc.
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Caterpillar Incorporated
Chemonics
ChevronTexaco
CHF International
Cinergy Global Power - Africa Ltd.
Citigroup Inc.
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Computer Frontiers Inc.
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