To: **Office of the U.S. Trade Representative**

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Re: **Duty-Free Quota-Free Market Access for Least Developed Countries**

Date: **March 15, 2007**

We write in response to the January 18, 2007 request for comments on considerations relating to the decision adopted at the Sixth Ministerial Conference of the World Trade Organization (WTO) on duty-free quota-free (DFQF) market access for the least-developed countries (LDCs).[1] We support the commitment made by the United States to provide duty-free quota-free market access for LDCs and, for reasons outlined in this submission, we urge that this commitment be implemented as soon as possible and for as many products as possible. Our analysis, discussed in greater detail below, shows that implementation of duty-free quota-free market access for LDCs on all products (100 percent) would produce the greatest gains for the LDCs, including sub-Saharan Africa, would best serve U.S. objectives in the Doha Development Round, and would not adversely impact U.S. industry. Ultimately, it would also serve the national security interests of the United States by creating the economic foundations for political stability in developing countries.

We structure our comments in four parts. First, we discuss the historical impact that U.S. preferential market access programs have had on developing countries. Second, we identify the primary impediments to development gains through preference programs. Third, we discuss the impact that implementing a comprehensive (100 percent) duty-free quota-free initiative would have on U.S. negotiating objectives in the Doha Round, how LDCs, including sub-Saharan Africa, would benefit the most from a comprehensive duty-free quota-free initiative, even if only the United States went forward on this basis, and the lack of adverse impact on U.S. business granting LDCs this additional market access

[1] Office of the United States Trade Representative, "Trade Policy Staff Committee: Seeking Comments From the Public on the 2005 WTO Ministerial Decision on Duty-Free Quota-Free Market Access for the Least Developed Countries," 72 *Fed. Reg* 2316 (January 18, 2007).

would have. Finally, we offer recommendations on how to most effectively implement a duty-free quota-free initiative to help low-income countries the most.

I. Trade Is A Driver for Economic Development and Preferential Market Access Programs Have Encouraged Trade

The rationale that developed countries can more effectively promote economic growth and industrialization in developing countries through trade is over four decades old,[2] yet it continues to form a basis for modern trade policy, including the Administration's commitment to provide duty-free quota-free market access for LDCs.

This perspective is supported by both research and practice. Literature shows that increased trade is associated with growth and that this growth can occur through a number of channels. International trade gives developing countries access to larger and wealthier markets. Demand for developing country goods, in turn, creates new, much-needed opportunities for employment. Job creation in developing countries is a critical component of any national development strategy and should continue to be a key piece of U.S. policy. Increased trade stimulates investment, and that, in turn, has a strong positive effect on growth.[3] In addition, increased trade may increase total factor productivity in an economy through channels such as improved access to new information, products, and technologies.

Preferential market access, as embodied in U.S. preference programs, is a vital means for helping developing countries boost exports, attract investment, achieve economic growth, and, in some cases, promote economic and legal reforms. The 1974 Generalized System of Preferences (GSP) legislation was a landmark in U.S. trade policy with its focus on helping poorer countries take advantage of the development benefits trade can offer.[4] Since then, other region-specific unilateral preference programs, including the African Growth and Opportunity Act (AGOA), the Caribbean Basin Initiative/Caribbean Basin Trade Partnership Act (CBI/CBTPA) program, and the Andean Trade Promotion and Drug Eradication Act (ATPDEA), have expanded on GSP's goal of promoting economic growth, poverty alleviation, and reform in poorer countries through increased trade.

Evidence shows that preference programs are achieving their intended goals of promoting economic growth and development. One study of U.S. preference programs from the 1980s shows that GSP beneficiary countries increased exports of products eligible for GSP treatment by about 8 percent annually.[5] The current GSP program helps

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[2] First articulated at the United Nations Conference on Trade and Development (UNCTAD) in 1964.
[3] See Judith M. Dean, "Do Preferential Trade Agreements Promote Growth: An Evaluation of the Caribbean Basin Economic Recovery Act," USITC Office of Economics Working Paper, No. 2002-07-A (Washington, DC: USITC, July 2002).
[4] For a brief history of GSP, see *Assessment of the Generalized System of Preferences*, General Accounting Office, Report 95-9 (November 1994), Chapter 1.
[5] Samuel Laird and Andre Sapir, "Tariff Preferences," in *The Uruguay Round: A Handbook on Multilateral Trade Negotiations*, eds. Michael J. Finger and Andrzej Olechowski (Washington, DC: World Bank, 1987), cited in William H. Cooper, *Generalized System of Preferences*, CRS Report for Congress, (March 30, 2006).

support jobs in manufacturing of electrical equipment, plastics, wood products, and jewelry in Indonesia (income per capita $1280); plastics, toys and ceramics in Bangladesh ($470); rubber, plastics and ceramics in Sri Lanka ($1160); and electrical equipment in Afghanistan.[6]

A more recent analysis of U.S. preferences extended to countries in Central America under the Caribbean Basin Economic Recovery Act (CBERA) reveals two very positive impacts from that preference program. First, increased access to the U.S. market has had a significant positive impact on investment in Central America, which, in turn, has contributed to income growth in the region.[7] Second, the study shows that preferences have played an important role in promoting export diversification.[8]

Notably, all U.S. preference programs include eligibility criteria aimed at promoting economic and legal reforms, which have, in many cases, provided an impetus for domestic reform and improvements in rule of law. The threat of losing benefits under one of the preference programs has often prompted countries to implement critical legal reforms, such as improvements to commercial laws or labor reform, which are in the interest of both the United States and the beneficiary countries themselves. These are essential components of the preference programs that ensure that the benefits derived from reduced tariffs are spread beyond the normal distribution patterns and also reach the poorest members of society.

II. Complete (100 Percent Duty-Free Quota-Free) Would Help to Address Restrictions in Preferential Market Access Programs That Have Limited Potential for Economic Development, Especially Among the LDCs

Notwithstanding the positive impact of preference programs, these initiatives have fallen short as a tool to promote economic growth and reduce poverty. GSP and the other preference programs have stimulated trade for many poor countries; however, they have not done as much as they might for the poorest countries because of statutory exclusion of the products that low-income and least developed countries produce. Paradoxically, the products excluded by statute from the preference programs include many products no longer produced in the United States, such as watches, certain glass products, many types of footwear, some handicrafts, leather products, and some electronics. Textiles and apparel and agricultural products are also largely excluded from the system of preference programs or face restrictive rules of origin or quotas when eligible for duty-free coverage. Many of the sectors that are excluded from the preference programs are those that tend to be dominated by vulnerable populations, including women and low-skilled workers – precisely the people preference programs should be designed to help.

AGOA, the most comprehensive of U.S. preference programs, covers only 94 percent of tariff lines or products. Other regional trade preference programs, while more comprehensive than GSP, also exclude many products that are critical for developing countries. In addition, many LDCs

[6] USITC Tariff and Trade Dataweb; World Bank World Development Indicators, 2005.
[7] Dean, *supra* note 3, at 19.
[8] Dean, *supra* note 3, at 5.

are left out of the more generous regional trade preference programs, and, as a result, their exports face stiff duties in the U.S. market.

For Bangladesh, for example, the absence of preferences for its major exports means that a country with an income per capita of $470 has received preferential market access for only 2 percent of exports to the United States.[9] Nepal, with an income per capita of $270,[10] receives preferential treatment for only 5 percent of exports to the United States.[11] Overall, among the LDCs that are eligible only under the GSP program, half have preference coverage rates near or below 25 percent,[12] even though the GSP-plus LDC program offers greater product coverage than the regular GSP program.

Implementation of the duty-free quota-free initiative provides an opportunity to ensure that LDCs are able to take advantage of the development benefits of trade. If, however, product coverage remains limited and the products most important to LDCs are excluded (as would be likely under a 97 percent duty-free quota-free scenario), benefits to the LDCs will continue to fall short of their potential. As discussed in more detail in Section III (A) below, in order to maximize the poverty-reduction potential of a duty-free quota-free initiative and its benefit to the LDCs, product coverage should be increased to 100 percent. In addition, while the UN-designated LDCs are unquestionably in significant need of attention, other impoverished countries are only marginally better off, and many of them are vulnerable to economic shocks or natural disasters. Accordingly, duty-free quota-free treatment should apply not only to all LDCs, but to vulnerable countries and all of AGOA-eligible sub-Saharan Africa as well.

Beyond product exclusions, several other aspects of the current system of preference programs impede its effectiveness in promoting trade with and development in impoverished countries. These impediments include:

- **Disincentives for long-term investment because of lack of certainty and predictability of the preference programs.** Over the last 12 years, GSP has been allowed to lapse periodically and has usually been renewed for periods of less than one year. Regional preference programs have also been allowed to lapse, as have special provisions within these programs. This has greatly undermined the effectiveness of these programs in promoting trade and investment in marginal, developing countries. Simply put, investors and importing firms attracted by the opportunity of preferences will not invest in or source from countries if the status of the preferences is in doubt. This has been the case with apparel under AGOA. Each time that the third-country fabric rule has approached its expiration, companies that use the rule have become nervous about their ability to continue to source from Africa. In contrast, where

[9] World Bank, *supra* note 6. For GSP Coverage, see Judith M. Dean and John Wainio, "Quantifying the Value of US Tariff Preferences," (January 2006), revision of a paper presented at *Preference Erosion: Impacts and Policy Responses*, WTO International Symposium, Geneva, June 12-14, 2005, at 30.
[10] World Bank, *supra* note 5.
[11] Dean, *supra* note 9, at 30.
[12] Dean, *supra* note 9, at 9.

preferences are stable, trade and investment has flourished. For example, U.S. preferences for the Caribbean and Central American countries, which are permanent and have been in effect continuously since 1984, have had a significant impact on investment.[13]

In addition, countries that enjoy export success to the United States under the GSP program risk losing their preferential access due to the competitive needs limitation (CNL). The CNL was put into place to help less competitive GSP beneficiaries – once a country reached the CNL, it was assumed to be a competitive exporter, and revoking benefits was assumed to provide less competitive beneficiaries with the opportunity to export. Unfortunately, the CNL has not had that effect. Data show that the CNL causes imports of the affected goods to drop by 10 to 17 percent, with no shift of trade in favor of less developed/competitive producers.[14] Moreover, the CNL has an unintended effect of chilling investment in countries perceived as likely to exceed it. Investors appear reluctant to invest in certain sectors in marginal countries because they believe that as soon as their investment succeeds, they will no longer receive the preference.

- **Disincentives for long-term investment because of lack of simplicity and transparency under the preference programs.** Under the current system of preference programs, countries face a confusing, inefficient web of terms and rules. Many countries are eligible for both GSP and one of the regional preference programs, with different rules of origin, customs requirements and eligibility criteria under each program. For example, a t-shirt may qualify for duty-free treatment under one preference program, but that same t-shirt may be ineligible for duty-free treatment under another preference program. These various rules and requirements create compliance costs, which studies have estimated can add more than 3 percent to the cost of exports.[15] In addition, it is difficult for both beneficiary countries and American businesses to navigate the various programs and requirements. The restrictive rules of origin are also increasingly cumbersome in a global market where firms source inputs from multiple countries and regions.

- **Lack of focus on supply side constraints.** In addition to duty-free quota-free market access, the Doha Development Round of WTO negotiations has rightly focused on the issue of whether developing countries have the capacity to capitalize on the market access opportunities provided by developed countries through multilateral trade negotiations. The same concern exists with respect to unilateral preference programs. U.S. preference programs have not adequately

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[13] Dean, *supra* note 3, at 5.
[14] James Devault, "Competitive Need Limits and the U.S. GSP," Contemporary Economic Policy (Huntington Beach: Oct 1996), Vol.14, Iss. 4.
[15] Paul Brenton, "Notes on Rules of Origin with Implications for Regional Integration in South East Asia." World Bank. J. Herin, "Rules of Origin and Differences Between Tariff Levels in EFTA and in the EC." ETA Secretariat, 1986.

tied trade capacity building assistance to the types of market access opportunities provided.

III. Implementing 100 Percent Duty-Free Quota-Free Market Access for the Poorest Countries Would Significantly Boost Economic Development, Would Best Serve U.S. Negotiating Objectives, and Would Not Adversely Impact Other LDCs and U.S. Industry

With discussions continuing on how to revive the Doha Development Round, immediately committing to expanded duty-free quota-free preferential access for least developed countries could help put the Doha Development Round back on track. WTO members made commitments both in 2001 and 2005 to provide better preferential market access to LDCs. Providing 100 percent duty-free quota-free access to LDCs and vulnerable countries now would truly put the interests of the poorest countries at the heart of the Doha negotiations. Such a policy could strengthen the U.S. proposals in the ongoing WTO talks and shift pressure to other WTO members. The United States should lead by example to urge other high-income and larger developing countries to put in place similar preference initiatives for LDCs.

A. Complete (100 Percent) Duty-Free Quota-Free Market Access for LDCs, Africa, and Vulnerable Countries Would Exponentially Increase Development Benefits

Careful research by the International Food Policy Research Institute (IFPRI) shows that if the United States were to increase duty-free quota-free market access for LDCs to 100 percent, significant gains in export volume would result for several countries, including Bangladesh, Madagascar and Malawi. Not only can the United States alone have a significant impact, but U.S. leadership on a duty-free quota-free initiative could encourage other developed and larger developing countries to implement comprehensive duty-free quota-free initiatives, generating even larger gains for the LDCs.

Research has shown that duty-free quota-free access to the U.S. market alone would substantially increase exports from extremely poor countries, such as Bangladesh and Cambodia, that currently pay high tariffs because clothing and other key exports are excluded from GSP. One calculation shows that Bangladesh pays more in import duties (nearly $500 million) on its $3.3 billion in exports to the United States, than does the United Kingdom ($430 million) on its $54 billion in exports. These duties add up to an amount that is higher than the total U.S. bilateral aid to Bangladesh. Cambodia pays as much ($367 million) on $2 billion in exports, as does France on $37 billion in exports.[16]

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[16] Progressive Policy Institute, Trade Fact of the Week, February 21, 2007, available at http://www.ppionline.org/ppi_ci.cfm?contentid=254199&knlgAreaID=108&subsecid=900003, accessed on March 14, 2007.

Yet these countries are extremely poor, with per capita incomes of less than $500, and they are highly dependent on apparel exports, as shown in Table One.[17]

Table One: Developing Countries Most Dependent on Apparel Exports (average 1997-2002)

COUNTRY	Apparel Exports as Percent of Total Exports	Exports of Apparel to US (million $)	Exports of Apparel to US as Percent of Total Apparel Exports
Bangladesh*	81%	$1,808	42%
Cambodia*	84%	$638	65%
Haiti*	77%	$214	92%
Lao PDR*	59%	$10	8%
Lesotho*	85%	$163	100%**
Mauritius	58%	$232	25%
Sri Lanka	57%	$1,362	59%
LDCs Less Dependent on Apparel Exports			
Madagascar*	39%	$77	26%
Nepal*	37%	$157	86%

Sources: TRAINS; Department of Commerce, Office of Textiles and Apparel, Major Shippers Database; Eurostat.

* UN-designated least-developed countries.

** The actual data from two different sources indicates that this number would be even higher, but since this is not possible, it is capped at 100%. It is important to note that this does suggest that virtually all of Lesotho's apparel exports are sent to the United States.

Countries outside of the regional preference programs, such as Bangladesh and Cambodia, face tariff rates on textiles and apparel that average about 12 percent, far higher than the 0.8 percent average on other products.[18] Cambodia, with $2.2 billion in apparel exports making up a third of their $6.8 billion real-dollar GDP, faces tariffs between 8 and 32 percent.[19] For both Bangladesh and Cambodia, textiles and apparel are the bulk of trade with the United States, totaling 89 percent and 98 percent of exports, respectively. In Sri Lanka, a country still recovering from the devastating effects of the 2004 tsunami, apparel accounts for 79 percent of U.S. imports from the country.

Around the world, and in these countries especially, women make up the majority of workers in the apparel manufacturing sector. Many of these women come from rural areas, and these jobs are often their only chance to leave subsistence farming for income-

[17] Table One provides a baseline for judging the importance of apparel exports in these economies, showing average exports over several years in a period mainly before China joined the WTO and quotas under the Multi-Fiber Arrangement (MFA) were phased out.
[18] Progressive Policy Institute, *supra* note 16.
[19] Progressive Policy Institute, *supra* note 16.

generating work and greater socio-economic opportunities. In Cambodia, the average apparel worker is a young woman, whose job sustains the livelihood of her entire family.[20] While the apparel industries in Bangladesh, Cambodia and Sri Lanka have managed to survive despite the expiration of the global quota system and the continued application of high tariffs, these jobs remain less secure in the face of competition from larger developing countries as long as these countries continue to face relatively higher barriers.

Moreover, 100 percent duty-free quota-free access to the U.S. market would also benefit many Sub-Saharan Africa countries that currently receive better than average access under AGOA. Although AGOA, unlike the GSP program, provides duty-free access for eligible clothing exports, particularly from LDCs eligible to use the third country fabric rule that permits sourcing from countries other than the United States and African countries, agricultural exports subject to tariff-rate quotas, including sugar and peanuts, remain restricted and some labor-intensive products, including some textiles, footwear, and luggage, as well as a few other products, remain excluded.

Table Two shows the AGOA-eligible countries that could benefit immediately from increased access to the U.S. sugar market because they have exportable surpluses that are currently sold at depressed world prices, due to U.S. and European restrictions on sugar imports. Countries such as Ethiopia, Malawi, Mozambique, and Zambia that currently benefit little from access to the U.S. market for apparel could see substantial export gains from increased access for sugar.[21]

Table Two: AGOA-eligible Sugar Exporters, 2005

COUNTRY	Exportable Production (metric tons)	Exports to the EU (metric tons)	US TRQ Allocation (metric tons)	Actual exports to US (metric tons)	Balance (metric tons)
Ethiopia	79,446	14,113	0	0	65,333
Malawi	113,980	46,970	12,817	5,292	61,718
Mauritius	509,328	553,561	15,380	4,208	--
Mozambique	115,799	29,797	16,662	14,604	71,398
South Africa	803,262	0	29,478	30,500	772,762
Swaziland	649,496	153,036	20,507	33,782	462,678
Zambia	138,500	24,359	0	0	114,141

Sources: FO Licht Interactive Data for Sugar; U.S. International Trade Commission; Dataweb, available at www.usitc.gov; GTIS; Eur-lex.

[20] Progressive Policy Institute, *supra* note 16.

[21] Mozambique and, especially, Malawi would also benefit from elimination of the tariff on tobacco, which is more than 300 percent for imports over the quota level.

The top half of Table Three shows the commodities on which AGOA-eligible countries continue to pay duties.[22] Within each category, some of the imports remain dutiable because specific products are excluded under AGOA; in other cases exporters have not claimed the preference because the tariff may be too low to make the paperwork worthwhile, because the product does not meet the rule of origin, or for other reasons. The bottom half of the table shows the countries with the highest shares of dutiable exports, with the average tariff that they pay.

Table Three: Imports Tariffs Collected from AGOA-Eligible Countries

SITC	Product	Value of Imports (US $)	Percent Dutiable	Effective Tariff Rate*
65	Textiles	$42,016,783	82.5%	6.9%
85	Footwear	$4,056,043	38.6%	8.8%
12	Tobacco & products	$58,469,655	25.8%	12.9%
83	Luggage, handbags	$3,746,544	23.4%	8.6%
57	Plastics	$3,109,816	19.1%	5.4%
	Country	**Value of Imports**	**Percent Dutiable**	**Effective Tariff Rate***
	Malawi	$79,010,058	19.3%	12.7%
	Cape Verde	$964,765	18.7%	3.2%
	Mali	$7,851,184	15.4%	1.0%
	Senegal	$21,449,645	14.8%	0.6%
	Namibia	$115,649,609	14.0%	0.3%
	Seychelles	$10,120,516	13.9%	1.6%

Sources: Data from U.S. International Trade Commission Dataweb, available at www.usitc.gov.
* Calculated duties divided by the dutiable value of imports.

Some sub-Saharan African countries, including Burkina Faso, Ethiopia, and Tanzania, would have the potential to increase currently small export volumes of footwear or textiles if the relatively high tariffs on those products were eliminated under a comprehensive (100 percent) duty-free quota-free scenario. Finally, only a few AGOA beneficiaries might suffer small reductions in apparel exports if the United States implemented a comprehensive duty-free quota-free initiative.[23] Moreover, according to a

[22] The share of textiles that are dutiable under AGOA should drop in this and future years because of an amendment included in the omnibus trade bill last year that expands access for textiles wholly formed in lesser-developed countries in sub-Saharan Africa from local or regional components.

[23] Antoine Bouët and Valdete Berisha-Krasniqi, "Breaking the Doha Deadlock: A Research-Oriented Perspective," Briefing Note for Realizing the Doha Development Agenda as if the Future Mattered, Salzburg Seminar, German Marshall Fund, Hewlett Foundation, February 16-21, 2007.

forthcoming analysis by the International Food Policy Research Institute, 100 percent duty-free quota-free access to the U.S. market for all LDCs would increase apparel exports from between 65 percent to 80 percent for Madagascar, Malawi, Mozambique, and a regional grouping comprised of Lesotho, Namibia, and Swaziland. Of those that are AGOA-eligible, the rest of sub-Saharan Africa, South Africa and Uganda would suffer export losses of less than 3 percent.[24] These negligible losses might be offset by including all of sub-Saharan Africa in a comprehensive (100 percent) duty-free quota-free initiative.

Finally, while the gains from U.S. implementation of a 100 percent duty-free quota-free initiative would be significant, agreement by all high-income countries to provide the same level of market access for LDCs would increase the global benefits from a feasible Doha Round scenario significantly -- by 26 percent -- with half of these additional gains going to the LDCs. Put another way, if all of the high-income countries increased duty-free quota-free access from 97 percent to 100 percent, this would also increase the real income gains from the Doha Round for the poorest countries seven-fold.[25] Realizing these gains, however, depends on U.S. leadership at the WTO and a clear commitment to provide 100 percent duty-free quota-free market access for the poorest countries in the world.

B. Complete (100 Percent) Duty-Free Quota-Free Market Access for LDCs Would Not Adversely Impact U.S. Industry

Not only would increasing benefits for the poorest countries in the world through a 100 percent duty-free quota-free initiative help these countries substantially and put more on the table in the Doha Round, such an initiative would not come at the expense of U.S. firms. U.S. imports from LDCs in 2006 were only 1.2 percent of total imports and just 7.8 percent of apparel imports. According to empirical research, a 100 percent duty-free quota-free initiative might reduce U.S. production of textiles and apparel by roughly one half of one percent, while increasing U.S. exports of cotton by 0.2 percent.[26] Providing duty-free quota-free access to the U.S. market for LDCs would thus have negligible effects on the U.S. economy.

Increased duty-free quota-free market access also stands to enhance the savings many small and large U.S. importers and retailers have experienced as a result of the current system of preference programs. For example, GSP, which is estimated to have saved U.S. businesses $923 million in 2005,[27] has been the key to the success of a number of smaller companies that import fertilizers and herbicides for farmers and households; it is also key to the sourcing strategies for a number of nationwide U.S. retailers of household wares. Current preference programs have supported U.S. jobs in a

[24] Communication from Antoine Bouët, March 15, 2007.
[25] Bouët, *supra* note 23.
[26] Bouët, *supra* note 23.
[27] The Trade Partnership, LLC. "The U.S. Generalized System of Preferences: An Update." March 2006, available at http://www.tradepartnership.com/pdf_files/2006_GSP_update.pdf.

wide variety of manufacturing industries, and enhanced market access for products not produced in the United States would only increase these gains.

Finally, as noted in Section I, eligibility criteria in the preference programs, such as protection of workers' rights, investors' rights, and affording equitable access to U.S. goods and services, have also served important leverage to bring about legal reform in GSP beneficiary countries, to the benefit of U.S. businesses and workers.

IV. Changes to Broaden the Benefits of a Duty-Free Quota-Free Proposal

We reiterate our strong support of the objective of promoting international economic development through trade by expanding LDC access to the U.S. market with implementation of a duty-free quota-free initiative. In order to best achieve this objective, we propose that USTR, working with Congress, implement a duty-free quota-free initiative that includes the following elements:

- **Immediately implement 100 percent duty-free quota-free market access for LDCs, all of sub-Saharan Africa and impoverished vulnerable countries.**

- **Make the program permanent to increase certainty.**

- **Increase transparency by subjecting all countries to one set of objective, clearly defined eligibility criteria.**

- **Include administrative streamlining for customs requirements and documentation to ensure that producers in poor countries and U.S. businesses can use the preferences available.**

- **Eliminate the competitive need limit, which creates a glass ceiling for competitive GSP beneficiaries and often acts to discourage investment.**

- **Create one simple rule of origin for LDCs and vulnerable countries based on the current GSP rule of origin but allowing for global cumulation among all beneficiary countries. Cumulation is critical to the utility of any preference program in today's world, where links in the production chains are dispersed.**

- **Create a simple, more permissible rule of origin for African countries and continue to apply the third country fabric rule to sub-Saharan African apparel producers.**

- **Provide targeted trade capacity building, including through programs designed to address infrastructure gaps, financing shortfalls, beneficiary government policies that impede development, and corruption.**

- **Address special needs of sub-Saharan African countries through increased, targeted aid for trade, with a special emphasis on trade-related infrastructure deficiencies. Establish coordination among U.S. trade and development agencies to ensure that their activities have a positive effect on industry, growth and employment in sub-Saharan African beneficiary countries. In all programs, African regional communities and local organizations should be part of the process.**