



To: President-elect Barack Obama  
Cc: Hillary Clinton, Secretary of State–designate; Ron Kirk, U.S. Trade Representative–designate; Michael Warren, Presidential Transition Agency Review Team Lead, Economics and International Trade; Senator Max Baucus; Senator Charles Grassley; Congressman Charles Rangel; Congressman Dave Camp; Congressman Sander Levin; Congressman Wally Herger

**From: Kimberly Elliott, Center for Global Development**

**RE: Duty-free access for the poorest and most vulnerable countries**

**Background:** The poorest countries of the world are in serious trouble as a result of a global economic crisis which is not of their making. In many countries, the poverty gains of recent years are at risk, and political stability, already fragile, is seriously threatened. The Millennium Development Goals include a commitment to provide duty-free and quota-free access (DFQF) for least-developed countries, and the United States and other rich countries pledged as part of the Doha Round in 2005 to provide such access for least-developed countries for 97 percent of their products; but the Doha Round is now stalled. Although the United States already provides close-to-DFQF access for AGOA-eligible countries in sub-Saharan Africa and slightly less generous treatment for most Andean and Caribbean countries, other very poor countries are currently ineligible for these regional programs, and some of them bear large tax burdens on their exports. Even Africa faces restrictions on agricultural exports despite the importance of that sector to poor people.

**Recommendation:** By implementing an improved and expanded DFQF program this year, the United States could use the power of its markets to boost jobs and incomes in the poorest countries while doing little or no damage to domestic producers. This effort could also provide the foundation for increased political stability in fragile states essential to U.S. national security. The administration and Congress should work together immediately on legislation that authorizes a *permanent program with simplified rules* for country and product eligibility that provides *full DFQF* access for the poorest and most vulnerable countries. While the program would be authorized on a permanent basis, countries would still be subject to review and would “graduate” as they develop. The most effective policy proposal would include least-developed countries (LDCs) and would add other AGOA-eligible, low-income, and lower-middle-income countries with gross national incomes below \$100 billion. The advantages of such a proposal would include the following:

- demonstrating U.S. leadership at a time of uncertainty for the global trade system
- increasing opportunities for foreign investment, job creation, and poverty alleviation
- supporting vulnerable countries where there is a risk of political instability
- providing reassurance to global financial markets concerned about protectionism

Annex 1: List of countries covered by the policy recommendation

Annex 2: List of useful references

## Annex 1: Country coverage, imports value and gross national income

U.S. Imports 2007 - General Customs Value in 1,000 dollars and Share of Total Imports

	TOTAL IMPORTS	% Share	GROSS NATIONAL INCOME (\$ billions 2007)	GROSS NATIONAL INCOME \$ per capita 2007
<b>TOTAL US IMPORTS</b>	1,953,698,801	100%		
<b>TOTAL OF ALL GROUPS</b>	<b>77,211,562</b>	<b>4.0%</b>		
<b>LDC</b>	<b>23,099,681</b>	<b>1.1%</b>		
Afghanistan	74,618	0.0%	10.1	-
Angola	12,507,550	0.6%	43.6	2,560
Bangladesh	3,433,231	0.2%	75.1	470
Benin	5,076	0.0%	5.1	570
Bhutan*	817	0.0%	0.9	1,430
Burkina Faso	1,466	0.0%	6.4	430
Burundi	1,111	0.0%	0.9	110
Cambodia	2,463,350	0.1%	7.9	540
Cape Verde*	2,155	0.0%	1.1	2,130
Chad	2,145,359	0.1%	5.8	540
Comoros*	543	0.0%	0.4	660
Congo (DROC)	206,451	0.0%	8.6	140
Djibouti*	4,505	0.0%	0.9	1,060
East Timor*	323	0.0%	0.8	840
Ethiopia	88,236	0.0%	17.6	220
Gambia*	148	0.0%	0.5	290
Guinea	98,944	0.0%	3.7	400
Guinea-Bissau*	38	0.0%	0.3	190
Haiti	487,792	0.0%	5.4	560
Kiribati*	1,233	0.0%	0.1	1,240
Lesotho*	443,048	0.0%	1.9	980
Liberia	115,303	0.0%	0.6	150
Madagascar	337,971	0.0%	6.3	320
Malawi	59,134	0.0%	3.5	250
Mali	9,712	0.0%	6.1	500
Mauritania	722	0.0%	2.6	840
Mozambique	5,356	0.0%	6.8	320
Nepal	89,883	0.0%	9.7	340
Niger	9,557	0.0%	4.0	280
Rwanda	12,675	0.0%	3.1	320
Samoa*	5,422	0.0%	0.4	2,270
Sao Tome & Principe*	393	0.0%	0.1	800
Senegal	18,728	0.0%	10.2	820
Sierra Leone	48,112	0.0%	1.5	260
Solomon Is*	1,117	0.0%	0.3	690
Tanzania	46,221	0.0%	16.3	400
Togo	5,039	0.0%	2.4	360
Tuvalu	28	0.0%	-	-
Uganda	26,707	0.0%	10.5	340
Vanuatu*	885	0.0%	0.4	1,690
Yemen	291,942	0.0%	19.4	870
Zambia	48,780	0.0%	9.5	800
<b>Other- AGOA eligible</b>	<b>39,594,532</b>	<b>2.0%</b>		
Botswana*	187,453	0.0%	9.9	5570
Cameroon	297,257	0.0%	19.5	1,050
Congo (ROC)	3,070,661	0.2%	5.8	1,540
Gabon*	2,181,808	0.1%	7.5	5,360
Ghana	198,652	0.0%	13.9	590
Kenya	325,429	0.0%	25.6	680
Mauritius*	187,606	0.0%	6.4	5,430
Namibia*	219,783	0.0%	6.5	3,210
Nigeria	32,770,232	1.7%	137.1	930
Seychelles*	10,332	0.0%	0.7	8,870
Swaziland*	145,319	0.0%	2.7	2,400
<b>Other LIC+LMIC, GNI &lt; \$100 bi</b>	<b>14,517,349</b>	<b>0.7%</b>		
Albania	9,524	0.0%	10.5	3,290
Armenia	32,882	0.0%	7.9	2,640
Bolivia	362,644	0.0%	12	1,260
Bosnia-Herzegovina	24,907	0.0%	14.3	3,790
Ecuador	6,135,968	0.3%	41.2	3,080
Fiji*	152,818	0.0%	3.07	3,720
Georgia	188,741	0.0%	9.3	2,120
Guyana*	123,528	0.0%	0.86	1,150
Jamaica*	728,291	0.0%	9.34	3,560
Kyrgyzstan	1,733	0.0%	3.1	590
Macedonia*	72,722	0.0%	6.21	3,070
Moldova	23,167	0.0%	4.3	1,260
Mongolia*	83,494	0.0%	3.05	1,000
Pakistan	3,577,057	0.2%	141	870
Papua New Guinea	108,516	0.0%	5.4	850
Paraguay	68,002	0.0%	10.2	1,670
Sri Lanka	2,065,712	0.1%	30.8	1,540
Suriname*	129,594	0.0%	2.07	4,210
Tonga*	5,470	0.0%	0.23	2,250
Tunisia	457,663	0.0%	32.8	3,200
Uzbekistan	164,916	0.0%	19.7	730

\* GNI and GNI per capita for 2006.

Note: Sub-Saharan African countries classified as LDCs are also AGOA eligible. Other countries are only GSP eligible.

**Annex 2: For more information**

**Trade Policy for Development: Reforming U.S. Trade Preferences,**  
<http://www.cgdev.org/content/publications/detail/14348>

**U.S. Trade Policy and Global Development,**  
<http://www.cgdev.org/content/publications/detail/16560>

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