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# Obama administration kicks off bid to renew Africa trade program

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By Elvina Nawaguna

WASHINGTON (Reuters) - The Obama administration on Tuesday pushed for Congress to renew a 14-year-old trade program giving African countries duty-free access to U.S. markets, warning that allowing the program to expire would disrupt trade flows between the two regions.

U.S. Trade Representative Michael Froman said the African Growth Opportunity Act, or AGOA, which expires on Sept. 30 next year had both benefited African countries and supported 120,000 U.S. jobs.

Froman's remarks came just days before the White House is set to host 50 African leaders at a three-day U.S.-Africa summit aimed at strengthening relations. AGOA, which is at the heart of U.S.-Africa trade ties, will be a key issue.

Enacted in 2000, AGOA gives about 7,000 products from sub-Saharan African countries access to U.S. markets free of import duty. Nearly 40 African countries are eligible to take part.

"Given that Africa is home to the world's fastest growing middle class and six out of 10 of the fastest growing economies in 2014, it's easy to see why companies like General Electric Co, Caterpillar Inc and Procter & Gamble Co increasingly view engaging with Africa not as a choice, but as a necessity," Froman said.

The head of the House Ways and Means trade subcommittee, Devin Nunes, told reporters Congress could package AGOA renewal together with fast-track power for trade negotiations, or trade promotion authority (TPA), and other outstanding trade issues.

"We have so many of these trade issues that are basically standing behind TPA, we have got to get TPA first," he said.

Exports from sub-Saharan Africa to the United States under AGOA and other trade preferences totaled \$26.8 billion in 2013, according to USTR data. Most of those exports were petroleum products; non-oil goods accounted for just \$4.9 billion.

"That is still relatively modest and we want to see that grow," Froman said at an event sponsored by the Brookings Institution.

The trade program has been criticized for disproportionately benefiting certain industries and a handful of countries, including Nigeria, South Africa and Angola.

Some African leaders have also said their countries lack the skilled labor and infrastructure to take advantage of it. Several African countries, for instance, are plagued with poor roads and shortages of electricity, which leads to power rationing that interrupts manufacturing.

Froman said the Obama administration plans to address AGOA's shortcomings and expand access to the program while also holding eligible countries more accountable. His office wants Congress to renew the program in advance.

Lawmakers will likely demand overhauls to the program, including making it more reciprocal so the United States can enjoy open access to African markets.

"The specific parameters of AGOA, of course, are ultimately a prerogative of Congress, and we look forward to working with them to put in place a program that reflects the reality of Africa's rise," Froman said.



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