

# TRADE

## WHY IS TRADE IMPORTANT?

Trade has the potential to lift millions of people out of poverty, but if not managed properly it can exacerbate the cycle of poverty instead. The benefits of global trade are currently distributed unequally, and Africa's share has declined in recent years. In order to be able to effectively reap the benefits that trade can offer, African countries need meaningful changes to world trading rules, increased funding targeted at expanding their capacity to trade and country-owned trade strategies that are a key part of their overall economic growth and poverty reduction strategies.

Africa's share of global trade is approximately 2%, a decrease of two-thirds since 1980, when it was approximately 6%.<sup>1</sup> This decline is due to a lack of African capacity to produce and export, a decline in certain agricultural commodity prices and to tariffs, subsidies and other trade barriers in export markets.

## WHAT DID THE G8 PROMISE?

The G8 countries promised to make trade work for Africa through a successful conclusion to the WTO Doha Development Agenda (DDA).

### DOHA DEVELOPMENT AGENDA (DDA)

**TRADE COMMUNIQUÉ PARAGRAPH 1:** 'We call on all WTO members to work with greater urgency to bring these negotiations to a close by the end of 2006.'

**AFRICA COMMUNIQUÉ, PARAGRAPH 21:** 'An ambitious and balanced conclusion to the Doha Round is the best way to make trade work for Africa and increase African countries' integration into the global economy.'

## AGRICULTURE

**TRADE COMMUNIQUÉ PARAGRAPH 3:** 'We are committed to substantially reducing trade-distorting domestic support and substantially improving market access' and 'eliminating all forms of export subsidies and establishing disciplines on all export measures with equivalent effect by a credible end date.'

## MARKET ACCESS

**TRADE COMMUNIQUÉ PARAGRAPH 3:** 'We also reiterate our commitment to the objective of duty-free and quota-free market access for products originating from LDCs.'

**AFRICA COMMUNIQUÉ, PARAGRAPH 22(D):** '...to improve the utilisation of our preference programmes by ensuring that rules (particularly rules of origin) are transparent and simple to follow and do not inadvertently preclude developing countries from taking advantage of those schemes.'

## AID FOR TRADE

**AFRICA COMMUNIQUÉ PARAGRAPH 22:** 'We agree: (a) To increase our help to developing countries to build the physical, human and institutional capacity to trade, including trade facilitation measures. We are committed to granting additional support for trade capacity building to assist LDCs, particularly in Africa, to take advantage of the new opportunities to trade, which will result from positive conclusion of the DDA.'

## POLICY SPACE

**TRADE COMMUNIQUÉ PARAGRAPH 2:** The G8 recognised that 'least developed countries face specific problems in integrating into the international trading system' and committed to 'work to ensure that there is appropriate flexibility in the DDA negotiations', so that LDCs could 'decide, plan and sequence their overall economic reforms in line with their country-led development programmes and their international obligations.'

## UPDATING THE COMMITMENT

G8 leaders continued to emphasise the completion of the Doha Development Agenda (DDA) at the St. Petersburg summit and updated specific commitments in the following areas:

### AGRICULTURE

**UPDATE ON AFRICA:** 'We agreed at the WTO Ministerial in December 2005 to eliminate all forms of export subsidies on cotton in 2006, to end all forms of agricultural export subsidies and to discipline all export measures with equivalent effect by end 2013 ...subject to successful conclusion of the Doha Round.'

### MARKET ACCESS

**UPDATE ON AFRICA:** '...to deliver duty- and quota-free access for at least 97% of products from Least Developed Countries, subject to successful conclusion of the Doha Round.'

### AID FOR TRADE

**TRADE COMMUNIQUE, PARAGRAPH 6:** 'We expect spending on Aid for Trade to increase to \$4 billion, including through enhancing the Integrated Framework.'

**UPDATE ON AFRICA:** 'We are helping Africa construct the road, rail, energy and other networks necessary for growth, including through our support to the Infrastructure Consortium for Africa inaugurated in October 2005, which has already identified and secured funding decisions on eleven regional projects from NEPAD's Short Term Action Plan (STAP) worth \$740m.'

## INTERPRETING THE COMMITMENT

The G8 have continued to emphasise the importance of making trade work for Africa, but they have so far failed to deliver some of the specific commitments necessary to achieve this goal. This is due to the fact that the G8's promises on trade are largely linked to the successful completion of the Doha round, meaning that these promises may not be implemented should negotiations

fail. Nearly six years after the round was launched with a promise to focus on development, the political will to find a solution is still lacking.

In order to make trade work for Africa, G8 leaders must commit to fulfilling their promise by delivering concrete gains for African countries, regardless of the outcome of the DDA. This report evaluates progress against the four target areas – agriculture, market access, aid for trade and policy space – through the DDA but also considers bilateral/EU-wide efforts taken to address the same objectives. While overall progress in the DDA must be measured collectively, individual actions also reflect commitments to progress.

Specifically the G8 countries promised, through the DDA:

### **1. TO SUBSTANTIALLY REDUCE TRADE-DISTORTING DOMESTIC SUPPORT FOR AGRICULTURE, ELIMINATE EXPORT SUBSIDIES FOR COTTON BY 2006 AND ALL EXPORT SUBSIDIES BY 2013, AS WELL AS ESTABLISH DISCIPLINES FOR ALL TRADE-DISTORTING SUBSIDY MEASURES WITH EQUIVALENT EFFECT.**

In practice, this means reduction or elimination of domestic support and export subsidies that distort world prices and allow subsidised products to be sold for artificially low prices in developing countries. These reductions must reach a level that will genuinely eliminate the trade-distorting effect for products that Africa has the capacity to produce and export itself. The 2013 target for the elimination of export subsidies would make a modest difference in removing some of the distortions that affect certain products, particularly those exported from Europe, but it must be accompanied by real cuts in domestic support. If necessary, commitments to reduce subsidies should be de-linked from the DDA in order to fulfil the promise, regardless of any slowdown in negotiations.

### **2. TO OPEN THEIR MARKETS TO 97% OF LDC PRODUCTS AND TO ENSURE THAT RULES OF ORIGIN IN PREFERENCE PROGRAMMES ARE TRANSPARENT AND SIMPLE.**

WTO members have agreed to provide 97% market access for LDCs. In order to truly benefit Africa, this commitment should be extended to all African countries,

including non-LDCs, and should include all products that Africa can produce and trade. This means that product exclusions taken by developed countries should not include African products such as sugar, fruits and vegetables, textiles or footwear. In addition, market access means not only eliminating tariffs, but also simplifying rules of origin and standards that can prohibit African exports from entering G8 markets. These commitments are equally as important as tariff reductions.

**3. TO INCREASE AID FOR TRADE FUNDING TO \$4 BILLION TO HELP ALL DEVELOPING COUNTRIES REAP THE BENEFITS OF INCREASED MARKET ACCESS.**

Aid for trade is a broad category of foreign assistance that helps developing countries address supply-side constraints such as a lack of infrastructure, difficulties in meeting complex standards and rules of origin, a lack of regional integration and complex customs procedures. Aid for trade can also assist African countries adjusting to the impact of changes to the multilateral trading system. The current G8 commitment to reach \$4 billion by 2010 is for all developing countries and is not enough even to meet current needs in Africa. For example, the Commission for Africa recommended that Africa needs \$10 billion per year in donor funding for infrastructure alone. In addition, this pledge is primarily tied to existing, rather than new commitments.

**4. TO ALLOW AFRICAN COUNTRIES THE FLEXIBILITY TO IMPLEMENT TRADE POLICIES IN A WAY THAT DOES NOT COMPROMISE ECONOMIC GROWTH AND POVERTY ALLEVIATION POLICIES.**

This ensures that African countries making concessions in the negotiations do not compromise poverty alleviation strategies or rural livelihoods. Measures such as special products provisions, special and differential treatment, and special safeguard mechanisms are essential in ensuring that any trade liberalisation undertaken is consistent with national economic and development priorities.

## DELIVERING THE PROMISE

### ARE THE G8 ON TRACK?

The 2006 DATA Report judged the G8 countries as being 'way off track' with regard to their commitments on trade, and criticised them for 'lack of ambition, no sense of urgency and no focus on Africa'. One year on, specific details on how the DDA will conclude and what benefits it will contain for Africa are still unclear. As a result, DATA's overall assessment is that the G8 are further off track. Each year that passes without progress on this issue is another year in which Africa misses out on the potential benefits of trade.

### THE DDA:

#### MISSED DEADLINE, EVEN FURTHER OFF TRACK

The Doha Development Agenda (DDA) round of global trade talks was launched in November 2001 with a stated focus on further integrating developing countries into the global trading system.

Talks collapsed in July 2006 just one week after G8 leaders in St. Petersburg had directed trade ministers to break the deadlock on agriculture. The collapse was the result of continuing disagreement over the extent to which the US was willing to cut its domestic subsidy programmes and how much, in return, the EU was willing to cut its tariffs on agricultural products. In exchange for these concessions on agriculture, the US and EU want lower tariffs in advanced developing country markets, specifically India and Brazil. The deadlock continued into 2007, but WTO Director-General Pascal Lamy resumed negotiations in mid-February.

While G8 leaders have continually emphasised the importance of completing negotiations, and some have taken action to kickstart stalled talks, protracted WTO negotiations have failed to deliver the successful conclusion to the Doha Round that the G8 had hoped for by the end of 2006.

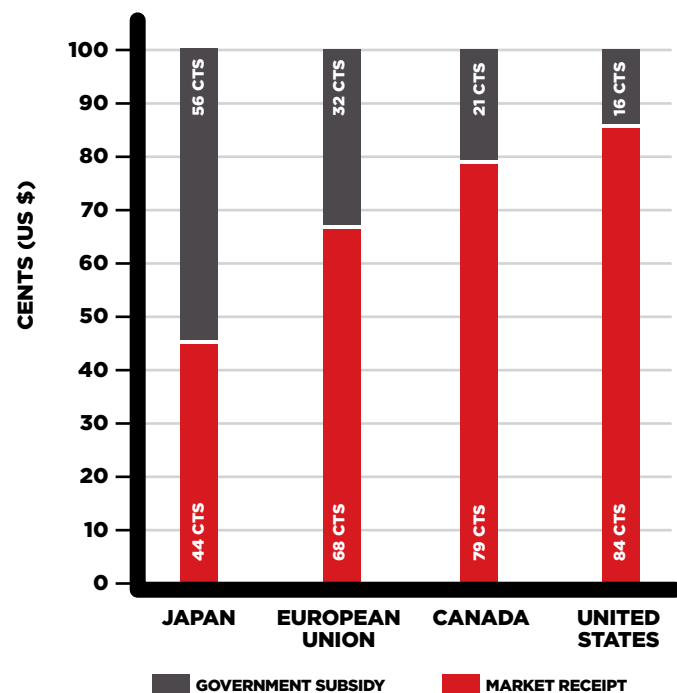
### AGRICULTURAL SUBSIDIES:

#### NO PROGRESS, OFF TRACK

Agricultural subsidies in G8 countries continue to distort world markets and negatively affect developing country farmers. The figure below shows the share of each G7 member's farm

receipts<sup>2</sup> subsidised by the public sector through price supports and other transfers.<sup>3</sup> On average, in 2005, G7 governments subsidised their farmers with 28 cents for every dollar they received from the sale of their commodities, although there is much variation across individual G7 members. At one extreme, Japan tops up its farm receipts with 56 cents for every dollar, while the EU is not far behind with 32 cents for each dollar. In the US, 16 cents of every dollar received by American farmers come from the public purse.

#### SHARE OF GOVERNMENT SUBSIDY IN EACH \$1 OF FARM RECEIPTS IN G7 COUNTRIES (2005)



With disciplines on agricultural subsidies through the DDA still uncertain, G8 countries have continued to subsidise their farmers. In 2005, the OECD estimated that the EU spent approximately \$58.6 billion on market price support, the largest and most trade-distorting type of subsidy. The US spent approximately \$8.7 billion, Japan approximately \$43 billion and Canada \$2.7 billion.<sup>4</sup>

The European Union's Common Agricultural Policy (CAP) is one of the largest transfer and subsidy programmes in the world; in 2005 it consumed about 47.5% of the EU's total budget.<sup>5</sup> Spending through the CAP for the four European G8 members amounted to €26.6 billion (approximately \$34 billion) in 2005.<sup>6</sup> The table below shows how much each European G8 member state pays into the CAP and how much their farmers receive back in subsidy payments from the EU. France is the only G8 country that benefits financially from the CAP. Germany, Italy and the UK all pay in more than they receive in subsidies. France's status as a net beneficiary explains its reluctance to agree to a reform of the CAP until 2013 at the earliest.

	CONTRIBUTION TO CAP (MILLIONS OF EUROS)	SUBSIDIES RECEIVED (MILLIONS OF EUROS)	NET RECEIPT/ CONTRIBUTION TO CAP (MILLIONS OF EUROS)
<b>GERMANY</b>	10,134	6,503	Net contributor: -3,631
<b>FRANCE</b>	8,030	10,088	Net recipient: +2,058
<b>ITALY</b>	6,655	5,860	Net contributor: -795
<b>UK</b>	5,867	4,235	Net contributor: -1,632
<b>EU 25</b>	48,476	48,476	

**SOURCES**  
EUROPEAN COURT OF AUDITORS, EUROPEAN COMMISSION. CONTRIBUTIONS TO THE CAP ARE BASED ON CONTRIBUTIONS TO THE EU BUDGET.

Agriculture remains the main sticking point of the WTO negotiations. G8 leaders have attempted to jumpstart negotiations and have put forward proposals that will reform trade distortions in the agricultural sector. In October 2005, the US put forward a proposal to cut trade-distorting domestic support by an average of 60%, contingent on an average 55% cut in EU agricultural tariffs. The EU put forward a counter-proposal that did not offer any new subsidy reductions beyond those already negotiated as part of the CAP, but offered an average reduction of approximately 46% in agricultural tariffs.

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Agricultural subsidies in G8 countries continue to distort world markets and negatively affect developing country farmers  
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## OFF TRACK ON TRADE

# 2%

Africa's share of global trade – a decrease of two-thirds since 1980.

28 CENTS



The average that G7 governments subsidised their farmers per dollar in 2005 for the sale of their commodities.

## AID FOR TRADE



**\$12-13 BILLION**

Africa's estimated annual aid for trade needs.



**\$1.13 BILLION**

G8 spending on aid for trade in SSA in 2005

A group of developing countries, the G20, have proposed deeper cuts in domestic support (80% cuts for the EU and 75% for the US and Japan) and an average cut to agricultural tariffs of 54%. These proposals have served to stimulate discussion, but ultimately no new negotiating positions have been put forward on this issue, although both the US and the EU have hinted that they may be able to offer more on cuts to agricultural subsidies and market access respectively. It is also unclear if top-line numbers will actually deliver real cuts to spending and provide relief for African farmers. Any discussion of subsidies should also account for potential shocks to food-importing African countries due to the reform of subsidy regimes and resulting higher food prices.

As noted in the St. Petersburg Communiqué, trade ministers meeting at the Hong Kong Ministerial in December 2005 did agree to eliminate export subsidies by 2013 and subsidies on cotton by 2006. However, fulfilment of this commitment, along with others, is tied to a successful outcome of the Doha round as a whole. The US has undertaken some reform of its export subsidy programmes in the cotton sector, based on the outcome of the 2004 WTO case brought by Brazil that determined that US subsidies were distorting global trade in cotton. During the summer and autumn of 2007, the US Congress will be finalising the Farm Bill, which will determine domestic subsidies for crops such as cotton, corn and wheat for the next five years. It is unclear at this stage if current US subsidy spending will be reduced or if changes to the programme will benefit Africa.

### MARKET ACCESS:

SOME PROGRESS ON PREFERENCE PROGRAMMES, BUT OVERALL OFF TRACK

African exports still encounter tariffs, quotas and other barriers such as strict rules and standards that restrict their access to G8 markets. Preference programmes that give Africa special access into these markets have helped to increase African exports, but many of these programmes continue to impose limitations in terms of the countries and products covered.

### G8 PREFERENCE PROGRAMMES

#### EU

The Everything But Arms (EBA) initiative provides duty-free/quota-free market access for nearly all products from the 50 least-developed countries (LDCs), 34 of which are in Africa. However, the programme does not offer this same comprehensive access to non-LDC African countries. Although the programme's product coverage is extensive, complex rules of origin that vary by product make it difficult for African exporters to take full advantage. The EU is negotiating with African countries to finalise Economic Partnership Agreements (EPAs) that will eventually take the place of its preference programmes. A number of African countries have noted concerns that these agreements could represent a step backwards in terms of trade and development, by imposing additional criteria that are not being negotiated in the DDA.

#### US

The US African Growth and Opportunity Act (AGOA) programme offers duty-free access to 37 African countries, including non-LDCs. AGOA has simpler rules of origin than EBA, but a number of African products – such as sugar, tobacco, peanuts and beef – still face quota and tariff restrictions. In December 2006, Congress extended the 'third country fabric' provision within AGOA to 2012. This allows African apparel factories to use the most cost-effective fabric in producing clothing that qualifies for AGOA access into the US market. The legislation also grants duty-free treatment to some fabrics from AGOA countries.

**JAPAN** Japan offers 99% duty-free/quota-free access on all industrial products (including textiles and apparel) to all LDCs. However, not all agricultural products are included in this initiative, which excludes potential African exports such as rice. Non-LDC African countries are also excluded from these benefits.

**CANADA** Canada offers duty-free/quota-free access on nearly all products (except for dairy, poultry and eggs), solely to LDCs.

The EU and the US have both submitted proposals on how WTO members could cut tariffs in a final Doha deal. However, the focus to date has been on top-line numbers and not on the details that will help to make a Doha deal really work for Africa. As noted above, at the 2005 Hong Kong Ministerial, trade ministers agreed to implement duty-free/quota-free access for 97% of products originating from LDCs, with each country determining the 3% that would be excluded. Without final agreement on all aspects of the negotiations, these commitments may not be implemented by G8 countries. In addition, WTO members have not yet decided how the erosion of preferential tariff benefits, from which African countries have benefited, will be addressed, nor how any potential tariff reductions will impact on rural livelihoods.

#### **AID FOR TRADE:**

SOME NEW COMMITMENTS, BUT NOT ENOUGH TARGETED SPECIFICALLY TO AFRICA - OFF TRACK

#### **G8 COMMITMENTS ON AID FOR TRADE**

**US** At the 2005 Hong Kong Ministerial the US announced a doubling of aid for trade, to \$2.7 billion annually by 2010. However, much of this funding is likely to be channelled through the Millennium Challenge Account (MCA). For example, the US devoted \$400

million to trade capacity-building activities in sub-Saharan Africa in fiscal year 2006, due to the implementation of MCA compacts with Cape Verde and Benin. The US has also begun implementation of a \$27 million grant for the West Africa Cotton Improvement Programme.

**EU** In October 2006, EU ministers committed to increase annual spending on aid for trade to \$2.6 billion by 2010. Priority will be given to measures to put in place EPAs. In addition:

- The UK has pledged to increase spending on trade-related assistance to approximately \$200 million per annum by 2010.
- Germany has promised to increase aid for trade spending, though it is not clear how much of this increase will go to sub-Saharan Africa.
- France has proposed a private sector initiative in sub-Saharan Africa, which aims to support more than 5,000 African companies.<sup>7</sup> The estimated total cost is approximately \$1.3 billion over three years, though it is unclear how much of these funds will count towards French ODA.

**JAPAN** Japan committed an additional \$10 billion at Hong Kong. However, it is unclear how much of this will take the form of loans rather than grants.

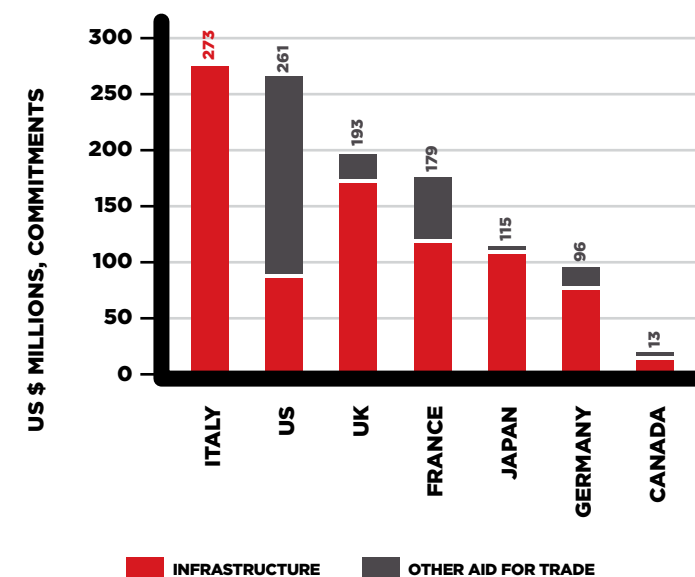
**CANADA** In 2005 Canada launched the Canada Investment Fund for Africa (CIFA), which aims to encourage private sector engagement in Africa, with a focus on infrastructure projects and small and medium-sized businesses. Canada will contribute up to \$100 million to the Fund, on a matching basis with other private investors.

Although a full costing of all of Africa's aid for trade needs has not been done, some initial estimates suggest that total needs for infrastructure, implementation of WTO agreements and the building of supply-side capacity could amount to approximately \$12–\$13 billion annually.<sup>8</sup> One of Africa's key aid for trade needs is physical infrastructure which, due to its large scale, tends to cost more than other trade capacity-building programmes.

According to the OECD, the G8 spent a combined \$1.13 billion on aid for trade in sub-Saharan Africa in 2005, of which \$845 million was allocated to infrastructure and \$285 million to trade policy, regulations and trade development.<sup>9</sup> Under this measure, Italy is the largest donor for sub-Saharan Africa with \$273 million, followed by the US and the UK.<sup>10</sup> Canada is the smallest G8 donor, with a total of only \$13 million.

While the G8 have increased aid for trade spending in Africa by 39% from its 2004 level of \$814 million, their funding still falls far short of real needs. The graph below shows that the majority of aid for trade contributions by G8 donors is in infrastructure. However, the total amount is still not large enough to meet the \$10 billion annual donor contribution recommended by the Commission for Africa. Just as important as infrastructure funding are programmes that assist African exporters and farmers in identifying markets, enhance the African private sector and provide technical assistance in areas such as meeting standards and rules of origin.

#### AID FOR TRADE AND INFRASTRUCTURE TO SUB-SAHARAN AFRICA, 2005



**SOURCE**  
WTO/OECD TRADE CAPACITY BUILDING DATABASE. OTHER AID FOR TRADE INCLUDES CAPACITY BUILDING, TRADE DEVELOPMENT, POLICY AND REGULATIONS

G8 members spent about \$1.2 billion on ODA for infrastructure in sub-Saharan Africa in 2006, with large increases from the US and Japan partially offset by decreases in spending from Germany, France and Italy.<sup>11</sup> While this is an increase in infrastructure spending from the 2005 level of \$845 million, it still falls far short of the funds that are required to help African countries benefit from international trade.

Two key funding mechanisms have been established to channel funding that promotes trade and investment in Africa. The Investment Climate Facility for Africa was established in 2006, with donations from the G8 and the private sector, and is designed to promote a better business environment in Africa. The Infrastructure Consortium for Africa (ICA) was created by the G8 in 2005 to channel funding to infrastructure. G8 contributions to these entities should continue to be measured in the future to ensure that funding continues to grow in these key areas.

**POLICY SPACE:****LACK OF CONCRETE COMMITMENTS AND CONCERNS ABOUT EPA NEGOTIATIONS SUGGEST OFF TRACK**

In order to develop and implement trade policies that enhance individual countries' poverty alleviation strategies, there must be an appropriate level of flexibility in multilateral, regional and bilateral agreements for African countries. Mechanisms such as special products provisions and special and differential treatment must be effectively sequenced and coordinated with trade policy opportunities so as to create real new opportunities that have an impact on poverty alleviation. This would ensure that African countries have access to the same flexibilities that G8 countries benefited from as they pursued their own economic growth.

Progress in this area is difficult to measure, as the negotiations where these provisions will be essential are not yet complete. However, to date much of the attention in both Doha and EPA negotiations has been focused on overall concessions in tariffs and subsidies, rather than on the aspects of the deal that could enhance development and provide appropriate adjustment mechanisms and flexibility for developing countries.

**AFRICAN PROGRESS: TRADE**

The progress of African countries in facilitating stronger trading relationships and reducing barriers to trade between one another is an essential part of increasing Africa's share of global trade and building regional engines of growth, as well as an African economic area. A number of African countries and regional economic entities have taken steps to enhance their integration into the global economy.

- Four African regional economic entities have created free trade areas that reduce or eliminate tariffs on the majority of products.
- Eleven of the 20 Common Market of Eastern and Southern Africa (COMESA) members have joined a free trade area that has eliminated tariffs for products coming from other COMESA countries.

- The Economic Community of West African States (ECOWAS), comprised of 15 members, has committed to create a free trade area by the end of 2007 for products originating from other ECOWAS countries.
- The Southern African Development Community (SADC) is comprised of 14 members and is aiming to have a free trade area that eliminates tariffs on the majority of goods by the end of 2008.
- The East African Community (EAC), which includes Kenya, Tanzania, and Uganda, launched a customs union on January 1, 2005. This includes a plan to open member state markets to each other after a five-year transition period, during which tariffs will be phased out on other member states' imports.
- The NEPAD Comprehensive Africa Agriculture Development Programme (CAADP) is an African-developed initiative designed to maximise the potential of agriculture, a sector that employs more than 50% of Africans. CAADP focuses on strengthening all levels of the African agriculture sector – local, regional and global – in order to better connect farmers with new markets. CAADP's goal is to achieve 6% annual growth in the African agriculture sector.
- The Integrated Framework for Trade-Related Technical Assistance assists LDCs to integrate trade issues into their national development strategies. As of August 2006, 17 sub-Saharan African countries had drawn up an action plan (Diagnostic Trade Integration Study or DTIS) for integration into the global trading system and had held a national workshop to implement the action plan.<sup>12</sup>
- As part of their efforts to compensate for adjustment costs associated with new trade agreements and to address supply-side constraints, member countries of COMESA have established the Fund for Cooperation, Compensation and Development, which is comprised of contributions from member state governments, donors and the private sector.

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### WHAT DOES THE G8 NEED TO DO?

Although G8 leaders alone cannot determine the success or failure of the DDA, they need to invest greater political capital in breaking the deadlock and ensuring that any negotiated deal represents a successful outcome for Africa. G8 leaders should ensure that, as negotiations resume, new proposals on subsidy reduction, market access, aid for trade and policy space set concrete targets that will directly enhance Africa’s ability to trade. If trade talks ultimately fail, or result in a package that falls short of these measures, the G8 must ensure that these promises are met through the following steps:

- Reduce trade-distorting subsidies for African products such as cotton, rice, corn and fruits and vegetables through unilateral reform of programmes such as the US Farm Bill and the EU’s Common Agricultural Policy (CAP).
- Eliminate export subsidies that allow subsidised products to undercut domestic producers in African markets. These subsidies should be eliminated by 2013, if not before, regardless of the outcome of the DDA.
- Further expand market access (including reducing tariffs and expanding quotas) for African products through existing preference schemes such as the General System of Preferences (GSP), the African Growth and Opportunity Act (AGOA) and the Everything But Arms (EBA) initiative. These programmes should be extended to all African countries, and not just LDCs, in order to create regional engines of growth on the continent.
- New market access opportunities must be made more real by making rules of origin and standards flexible enough to enable African producers to take advantage of preferential arrangements or new access provided by the WTO. For example, liberal rules such as the third country fabric provision, which has been a successful part of AGOA, should be adopted in other G8 markets (e.g. in the EU’s EBA programme).
- Commit to new bilateral and multilateral aid for trade funding, including additional assistance for trade-related infrastructure and adjustment costs.

- Ensure that bilateral and regional trade agreements such as Economic Partnership Agreements (EPAs) are focused on enhancing development and that they are structured with the right amount of policy space to ensure that African governments have the ability to determine appropriately how the agreement will fit best with their own development priorities.

### OVERALL ASSESSMENT

Given the very limited progress on trade since 2006, DATA believes that all G8 countries are off track on trade. The US Congress should be commended, however, for its extension of the apparel provisions of AGOA in December 2006, which will ensure that AGOA will continue to provide jobs and guarantee incomes for African apparel workers. Despite the emergence of new trading partners such as China and India, the EU and US continue to be Africa’s primary trading partners, which underscores the importance that changes to their trade regimes can have for Africa.

