

Exchange Mail

DATE-TIME 01/21/2000 4:43:45 PM
FROM Shapiro, Daniel B. (LEGIS)
CLASSIFICATION UNCLASSIFIED
SUBJECT RE: POTUS Iraq meeting [UNCLASSIFIED]
TO Lackey, Miles M. (LEGIS)
Burrell, Christina L. (LEGIS)
Lackey, Miles M. (LEGIS)
Shapiro, Daniel B. (LEGIS)
Tavlarides, Mark J. (LEGIS)
Abercrombie-Winstanley, Gina K. (NESA)
Camp, Donald A. (NESA)
Cooper, Kathleen H. (NESA)
Jones, Felicia A. (NESA)
Kaplan, Dean M. (RECORDS/NESA)
Malley, Robert (NESA)
Pollack, Kenneth M. (NESA)
Riedel, Bruce O. (NESA)

CARBON_COPY

TEXT_BODY
Ken -- For your clearance. Thanks. -- Dan

-----Original
Message-----
From: Lackey, Miles M. (LEGIS)
Sent: Thursday, January
20, 2000 11:23 AM
To: @LEGISLAT - Legislative Affairs; @NESASIA
- NE/South Asia
Subject: FW: POTUS Iraq meeting [UNCLASSIFIED]

Dan/Ken,
Could
you draft up an SP? -- which we would need to clear w/ WHLA)
Thanks
Miles

-----Original
Message-----
From: Sutphen, Mona K. (NSA)

Sent: Thursday, January
20, 2000 10:11 AM
To: Lackey, Miles M. (LEGIS); @EXECSEC - Executive
Secretary; @RUDMAN
Cc: @LEGISLAT - Legislative Affairs; @NESASIA
- NE/South Asia
Subject: RE: POTUS Iraq meeting [UNCLASSIFIED]

bob

- unless you disagree, i think we should do the s/p, so srb will
have something in his hand to discuss w/podesta/potus. m

-----Original

Message-----

From: Lackey, Miles M. (LEGIS)
Sent: Thursday, January
20, 2000 10:07 AM
To: @EXECSEC - Executive Secretary; Sutphen, Mona
K. (NSA); @RUDMAN
Cc: @LEGISLAT - Legislative Affairs; @NESASIA
- NE/South Asia
Subject: POTUS Iraq meeting [UNCLASSIFIED]

Bob/Mara/Mona,

I

mentioned the POTUS Iraq meeting w/ Lott/Kerrey to Chuck Brain last
night. He asked if we were going to do an SP. I said that I'd get
back to him. Should we draft one? . . . or do you want to wait until
Sandy talks to the President?

Please advise.

Miles

TRANSLATED_ATTACHMENT Iraq Senators SP.doc

Schedule Proposal date ____/____/____

____ACCEPT ____REGRET ____PENDING

TO: Stephanie Streett

FROM: Samuel Berger

REQUEST: Meeting with a bipartisan group of Senators

PURPOSE: To consult on our Iraq policy with a group of Senators who been active on this issue

BACKGROUND: The President has committed to Senator Kerrey verbally in letters to these Senators, to find a date for this meeting, which the Senators have been seeking since last Fall.

PREVIOUS PARTICIPATION: The President has not previously met with a group of Senators on Iraq policy.

DATE AND TIME: OPEN

BRIEFING TIME: 15 minutes

DURATION: 60 minutes

LOCATION: Oval Office

PARTICIPANTS: President, APNSA Berger, Charles Brain, Bruce Riehl, Miles Lackey, Ken Pollack, and a group of Senators led by Bob Kerrey, Trent Lott, Joseph Lieberman, Jesse Helms, Sam Brownback, and other Senators to be determined

OUTLINE OF EVENTS: The President will present an overview of our policy, solicit the views of the Senators, and respond to their questions and input

REMARKS REQUIRED: Points to be provided by NSC

MEDIA COVERAGE: None

FIRST LADY'S ATTENDANCE: NO

VICE PRESIDENT'S ATTENDANCE: Optional

RECOMMENDED BY: NSC

CONTACT: Miles Lackey

ORIGIN OF THIS PROPOSAL: Request by Senators

SECOND LADY'S ATTENDANCE: NO

0464

Exchange Mail

DATE-TIME 01/24/2000 1:40:10 PM
FROM Marsh, Thomas S (RECORDS)
CLASSIFICATION UNCLASSIFIED
SUBJECT pkg # 9091 [UNCLASSIFIED]
TO Smith, Holly M. (INTECON/INTERN)

CARBON_COPY

TEXT_BODY

TRANSLATED_ATTACHMENT

(Final2) 1999 President's Trade and Development Report to Congress.doc

I. Overview: The Administration's Trade and Development Policy
Toward Sub-Saharan
Africa

Over the past few years the Administration has implemented a new, comprehensive Africa trade policy aimed at developing a partnership with Africa that will foster economic growth and development and facilitate Africa's integration into the global economy. The Clinton Administration, working with Congress, has made significant progress in strengthening our trade and development engagement and cooperation with sub-Saharan Africa. The U.S. has worked with sub-Saharan African nations to encourage and promote the economic reform process and to seize new opportunities presented by emerging African markets. Until the early 1990's, U.S. Africa policy was dominated by the anti-apartheid movement and the Cold War. Efforts in the early 90's to strengthen economic relations with Africa, including late Commerce Secretary Ron Brown's trip to South Africa in 1993 and a provision in the Uruguay Round implementing legislation directing that the Executive Branch develop an Africa trade policy, culminated in President

Clinton's Partnership for Economic Growth and Opportunity in Africa (Partnership Initiative), which was announced in 1997, and the introduction of the African Growth and Opportunity Act in the U.S. Congress. The Partnership Initiative was developed with bipartisan Congressional consultations and support.

The Partnership Initiative recognizes the importance of Africa as one of the world's emerging economic opportunities and the merits of a forward-looking U.S. trade policy toward Africa. Sub-Saharan Africa encompasses a region of approximately 640 million people and 48 countries. The Partnership Initiative also recognizes that it is in the U.S. national interest to assist African countries to strengthen their economies to enable them to better address issues such as hunger, population growth, civil strife, and environmental degradation. A strong, stable and prosperous Africa will be a better partner for security, peace and a number of transnational issues such as the fight against international crime and drug trafficking, terrorism, corruption, disease and environmental degradation.

Under the Partnership, U.S. Government agencies are working to support economic reform in the region, enhanced U.S.-sub-Saharan Africa economic engagement, increased African integration into the multilateral trading system, and sustainable economic development.

The legislative cornerstone of this new policy is the African Growth and Opportunity Act (AGOA), which was passed by the U.S. House of Representatives in July and by the U.S. Senate in November. It is expected that differences between the House and Senate versions will be resolved in conference during the second session of the 106th Congress. AGOA would establish a vigorous U.S. trade and investment policy toward Africa, promoting mutually beneficial increased trade and investment between the United States and the region. Many positive economic and political reforms are taking place in Africa, including positive

transitions to democracy in countries such as Nigeria and South Africa. AGOA is designed to encourage and support sub-Saharan African countries that are taking the often difficult but critical steps necessary to create more open, market and growth-oriented economies. AGOA will provide enhanced market access under the Generalized System of Preferences (GSP) Program for the region's reformers and represents a trade and investment based approach to economic development. It would complement aid and other assistance programs.

In March, the United States hosted the largest meeting ever held between African Ministers and American Cabinet Members in order to enhance the U.S.-Africa partnership and to foster greater economic engagement, development, trade, investment, and mutual economic growth in the 21st century. The President, eight members of the Cabinet, and four agency heads participated in this historic first meeting with 83 ministers from 46 sub-Saharan African nations. Representatives from four north African nations, and the heads of eight African regional organizations also participated. African ministers and their U.S. counterparts exchanged ideas and developed a blueprint outlining strategies to enhance Africa's ability to compete in the global market through the development of its greatest resource -- its people and institutions. Emphasizing the need for accelerating reform and continued development assistance as well as trade and investment, participants examined ways to bolster human capacity through investment in education, skills training, gender equity, micro-enterprises, and health, particularly the prevention of HIV/AIDS. They also recognized the crucial role of regional cooperation in the overall development process and in the integration of African states into the global economy.

During preparations for the Seattle World Trade Organization (WTO) Ministerial

Conference and the launching of a new Round, the U.S. increased its efforts to engage sub-Saharan African countries on WTO issues. Thirty-eight countries in sub-Saharan Africa are WTO members and four have observer status. A number of African countries, many of which have argued they were not adequately consulted nor prepared during the Uruguay Round, are taking a more active role in WTO negotiations and discussions. The U.S. has welcomed this increased participation and has provided technical assistance to strengthen the region's capacity to play a more meaningful role in the WTO. The U.S. has also worked with sub-Saharan African countries to identify areas of common interest in the negotiations. Sub-Saharan Africa's full integration into the multilateral trading system is critically important.

Significant challenges continue to confront the region, including regional conflicts, political instability, lack of investor confidence, markets and economies that must still shed the vestiges of earlier state-domination, high levels of poverty, and health problems, including HIV/AIDS. However, many countries in the region continue to pursue economic reforms and benefit from favorable economic growth rates. In 1998, the regional growth rate remained positive, at 2.9%, despite depressed prices for many of Africa's exports. Nevertheless, the economies of the region are for the most part small and fragile. U.S. public and private sector support will be critical to ensuring improved economic development and a stronger region. Sub-Saharan African countries will need substantial capital inflows (much of which can only be generated from the private sector), improvements in physical and regulatory infrastructure, and a more stable political climate. U.S. agencies such as the Office of the United States Trade Representative, the Departments of State,

Agriculture, Commerce, Treasury, Labor, and Transportation, as well as the Trade and Development Agency, the Export-Import Bank, the Overseas Private Investment Corporation, the U.S. Agency for International Development, and the United States Information Agency are all working with the region in a partnership aimed at helping African countries meet these challenges and at assisting sub-Saharan African countries to generate economic growth and opportunity.

This report, the fifth of five annual reports mandated by Congress, outlines progress in meeting the Administration's key policy objectives in sub-Saharan Africa. It also provides an overview of the economic climate in the region, which affects U.S. policy and commercial interests. Annexed to the report are a U.S. policy matrix, tables detailing U.S.-sub-Saharan Africa trade flows, and a chart of selected economic indicators. Under the African Growth and Opportunity Act, if enacted, a new annual report to Congress on Africa trade policy would be submitted.

II . Sub-Saharan Africa 1998/1999 Economic Overview

In 1998 and 1999, despite a small slow-down in economic growth, sub-Saharan African countries continued to implement important economic reforms and to pursue more market-oriented policies. Trends toward regional integration and increased participation in the international trading system continued. The United States remained an important trading partner for the region; the majority of trade was concentrated with the countries of South Africa, Nigeria, Angola, Gabon, Cote d'Ivoire, and Kenya. Debt continued to be a significant problem although some countries are beginning to qualify for and receive assistance through the Heavily Indebted Poor Countries (HIPC) initiative. The United States also remained an important source of foreign direct investment for the region.

A. Economic Growth

Sub-Saharan Africa's economic performance weakened in 1998, reflecting primarily declines in world prices of key commodities. Increasing pockets of conflict in the region also played a role, although a secondary one, since many of the affected countries were already facing declining growth rates. El Niño-driven droughts and floods also hurt, mainly in East Africa.

With South Africa and Nigeria included, regional growth was 2.9 percent in 1998, down from 3.9 percent the year before. * Average population growth was nearly 2.8 percent. Average budget deficits rose from 3.1 percent of GDP to 4.4 percent in 1998, although inflation fell 3.5 percentage points over the year, to 10.2 percent.

If South Africa and Nigeria are excluded, the picture is somewhat better. Regional growth was 4.0 percent in 1998 (down from 4.7 percent in 1997), average budget deficits declined slightly in 1998 to 3.3 percent of GDP from 3.4 percent, and inflation fell 6.1 percentage points, though it still reached 11.2 percent. Several countries in the region continued to do well: Mozambique, for example, grew 12 percent in 1998; Senegal and Cote d'Ivoire grew 5.7%, and Mauritius and Uganda grew 5.6% .

The volume of exports from sub-Saharan Africa fell 1.6 percent in 1998, but the dollar value fell by 13.4 percent from the 1997 level -- primarily reflecting the declining prices of key commodities such as gold and oil. Import volume grew 1.1 percent, but the dollar value of imports declined by 2.6 percent. While Africa was shielded from some of the immediate effects of the Asian financial crisis, Asian currency devaluations eroded Africa's terms of trade by 9.1 percent, resulting in increased competition in export markets as well as from Asian imports in African markets.

* Aggregate figures in this section are from the May 1999 World Economic Outlook except where otherwise indicated, and are the latest available.

African economies did not decline further in part because of continuing reform in many countries -- including gains in fiscal stability, decontrol of prices,

and liberalization of exchange rates (the World Bank reports that the average parallel market premium in African foreign exchange markets was less than 5 percent in 1997, vs. 45 percent in 1991). As a group, African governments are less interventionist in production and marketing, and somewhat less protectionist in trade, than they were in the early 1990s. Interest rates tend to be more market-driven, though frequently still high due to excessive government borrowing. Policies that support the private sector, notably privatization of infrastructure, have gained momentum, with the World Bank estimating that, excluding South Africa, there have been 3,000 privatizations worth some \$3 billion.

One main reason African growth rates on the whole are still modest is low investment levels. The World Bank reports that average investment rates are only about 20 percent compared to over 25 percent in low and middle income countries as a group. Almost one-third of that low level, moreover, is financed from abroad, primarily from official sources. Of foreign direct investment, the majority is concentrated in extractive industries in a few countries. The productivity of investment, furthermore, is low -- only half that in East and Southeast Asia -- with low or negative growth in factor productivity. Among the reasons cited by the World Bank are continued high trade barriers, small markets, poor infrastructure, and a continuing "brain drain" of mid-to-senior level managers.

B. Debt

For many of the poorest African countries, even with good policy performance, heavy debt burdens impede growth and sustainable development. Major unresolved debt problems among heavily indebted poor countries can have a chilling effect on

new financial flows as lenders and investors shy away from perceived high-risk environments. Debt reduction can free resources for investments in people, help attract new investment capital, and remove major obstacles to growth and development. However, it is essential that debt reduction be accompanied by economic reform. For this reason, the Administration has supported multilateral debt reduction by bilateral creditors in the Paris Club and, more recently, by all official creditors under the HIPC debt initiative. In FY97-99, the United States joined other creditors under the HIPC initiative to provide commitments of over \$5.6 billion in debt service relief for Uganda, Burkina Faso, Côte d'Ivoire, Mozambique and Mali. In April 1998, Uganda qualified for \$650 million in HIPC debt reduction, and in June 1999, Mozambique qualified for \$3.7 billion in HIPC debt reduction. Uganda and Mozambique are expected to qualify for more relief under the "enhanced HIPC" initiative.

President Clinton also supports bilateral concessional debt relief for the poorest African countries that are aggressively reforming their economies. For these countries, the need for budget and balance-of-payments support as well as debt relief is often acute. This financial support is particularly critical as these countries pursue trade liberalization while simultaneously investing in health, education, and infrastructure development. In September 1999, President Clinton announced his intention that the U.S. forgive all non-concessional bilateral debt, in addition to forgiveness under HIPC of all concessional debt. The President has requested that \$970 million be appropriated for debt relief activities over the period FY 2000-2003.

C. Trade with the United States

The financial crisis in Asia and other emerging markets was slow to affect

Africa because the region is not yet well integrated into global financial markets. However, the crisis eventually contributed to a major deterioration in Africa's terms of trade with the rest of the world and significant reductions in the region's real income. Lower demand in Asia exacerbated falling world prices for Africa's principal export commodities, particularly crude oil, gold, diamonds, and copper. This has resulted in less hard currency for African importers and it could curtail their purchases in the future from all industrial country suppliers, including the United States.

Largely due to the worldwide slowdown, U.S. exports to sub-Saharan Africa fell 17% in the first nine-months of 1999, after an 8.4% increase for 1998. The decline was led by sagging sales of computers and peripherals to South Africa and oilfield equipment to Nigeria. U.S. imports from Africa fell 3.4% in the first nine-months of 1999, reflecting, primarily, large declines in the dollar value of purchases of crude oil from Nigeria and Angola, and cocoa from Cote d'Ivoire.

In 1998, U.S. sales to sub-Saharan Africa reached their highest total ever, \$6.7 billion with export growth propelled by surging sales to South Africa and Angola. This strong growth contrasted with declines in U.S. shipments to East Asia, Eastern Europe, and the Newly Independent States (NIS). In 1998, U.S. worldwide exports decreased 1%.

Primary Sub-Saharan African Country Destinations for U.S. Exports, 1998

South Africa \$3,626.1 million
 Nigeria 819.6 million
 Angola 354.3 million
 Ghana 223.4 million
 Kenya 199.0 million
 Cote d'Ivoire 151.6 million
 Zimbabwe 93.1 million
 Congo/Brazzaville 92.0 million
 U.S. exports to sub-Saharan Africa remained highly concentrated in a

few countries in 1998, as in previous years; 54% of U.S. shipments went to South Africa and 12% to Nigeria. Eight leading markets accounted for 83% of U.S. sales to the region. U.S. exports to sub-Saharan Africa were less than 1% of total U.S. exports, but they were 45% greater than our exports to all the NIS countries. U.S. sales to South Africa alone exceeded our sales to Russia, whose population is more than three times larger.

U.S. exports to Africa make a significant contribution to building the region's infrastructure. Among the leading U.S. export items in 1998 were aircraft and parts and construction equipment. Other U.S. exports included computers and peripherals, motor vehicles,

wheat and wheat flour, telecommunications equipment, used clothing and textiles, and agricultural machinery.

Largest Sources of U.S. Imports from Sub-Saharan African Countries 1998

Nigeria \$4,194.6 million

South Africa 3,055.5 million

Angola 2,251.5 million

Gabon 1,268.3 million

Cote d'Ivoire 417.6 million

Congo-Brazzaville 315.4 million

U.S. imports from Africa were \$13.1 billion in 1998, a 20% decline in value from

1997 due to depressed prices for African export commodities. Crude oil accounted

for 58% of U.S. purchases. Sub-Saharan Africa's share of the U.S. market for

crude oil remained constant at 20%. The United States imports about as much

crude oil from sub-Saharan Africa as from the Persian Gulf. Among other

significant import items are: non-ferrous metals, textile and apparel products,

diamonds, cocoa beans, ferroalloys, and coffee.

The United States is Africa's largest single export market, but U.S. imports remain highly concentrated among a small number of African suppliers, even more so than U.S. exports. Six countries accounted for 88% of U.S. purchases. Five were oil exporters, while South Africa was a principal supplier of non-ferrous metals. Nigeria and Angola were our number five and six suppliers of crude oil, respectively.

D. Financing (FDI, Development Assistance and Capital Flows)

The IMF estimates that net financial flows to sub-Saharan Africa, including grants, fell to \$11.3 billion in 1998 from \$12.8 billion in 1997. Net foreign direct investment (FDI) flows to Africa in 1998 were \$6.8 billion, a four-fold increase since 1990 but still only 5.2 percent of total FDI flows to developing countries as a whole.

The regional current account (CA) deficit in sub-Saharan Africa stood at \$16.2 billion in 1998, up from \$8.8 billion in 1997. About one-third of the total (\$5.5 billion), and virtually all of the increase, is accounted for by South Africa and Nigeria. For the rest of the continent, the remaining CA deficit of \$10.7 billion represented an increase of \$1.9 billion from the year before. As a group, these countries relied on exceptional financing -- debt forgiveness, rescheduling, and arrears -- to fund their deficits, especially as the overall level of bilateral and multilateral assistance declined steadily between 1994 and 1998.

The African Development Bank reports that total net resource flows to its member countries (including North Africa), consisting of official development finance (ODF), export credit and private flows from outside the region, amounted to \$23.8 billion in 1997, compared to an average of \$25.4 billion for 1995-1996. Official

flows accounted for 77 percent.

Net disbursements of ODA from all sources stood at \$17 billion in 1997 and ODA

net disbursements from bilateral donors stood at \$10 billion.

Multilateral

agencies provided \$6.81 billion of which IDA contributed \$2.39 billion and the

African Development Fund (ADF), \$0.59 billion.

The U.S. direct investment position in sub-Saharan Africa was \$8.9 billion at

year-end 1998, a 16% increase from year-end 1997. Nevertheless, sub-Saharan

Africa represents less than 1% of the worldwide direct investment position of the

United States. South Africa, Nigeria, and Angola accounted for 60% of the position.

III. Progress on Policy Objectives

The President's Partnership for Economic Growth and Opportunity in Africa outlines key elements necessary to build a successful economic partnership with Africa including:

- Support for economic reform;
- Enhanced U.S.-sub-Saharan Africa economic engagement;
- Support for Africa's full integration into the multilateral trading system;
and,
- Support for sustainable development.

The Administration, working with Congress, has pursued a number of programs and initiatives to realize these objectives. One of the most important components of the strategy, the African Growth and Opportunity Act, was passed by the U.S.

House of Representatives in July and by the U.S. Senate in November. A

Conference on the Act is expected in early 2000. Administration efforts to support the President's Partnership Initiative and progress achieved during the past year are detailed below and in a policy matrix in Appendix 2.

A. Support for Economic Reform

1. Trade and Investment Liberalization

Experience has demonstrated that countries that have the most competitive and vibrant economies are those with open, market-oriented policies. It has also shown that in this highly competitive world, trade and investment flow to those countries with the most business and investor-friendly trade and economic

environments. Establishing these conditions is the aim of many African governments today. In many countries, pursuing economic reform is congruent with political liberalization and reform.

African countries are pursuing trade policies that we support, including regional economic integration, liberalization of trade and investment regimes, private sector development, and trade and investment promotion. A number of sub-Saharan countries have accelerated the privatization process, especially in the telecommunications and electricity sectors. Recently, a number of sub-Saharan countries, including Nigeria, have taken a strong stand against corruption and are beginning to implement specific anti-corruption initiatives. The climate for trade and investment also improved as countries put in place monetary and fiscal policies to build more stable economies. While significant improvements are evident, throughout the region there remain many impediments to trade and investment, including, cumbersome and non-transparent customs procedures, high tariffs (averaging 28%), government control or domination of certain sectors, restrictions on economic activity, inadequate protection of intellectual property rights, and non-transparent or inadequate legal systems.

Through a variety of means, including regular visits by Cabinet Members, bilateral meetings, technical and other assistance programs, sectoral initiatives, and formal agreements, the Administration has worked with sub-Saharan African governments as well as the private sector to encourage trade and investment liberalization. The Administration has also worked with countries and with international financial institutions to promote policies that will create more stable macroeconomic conditions.

The African Growth and Opportunity Act would provide additional mechanisms to promote economic reform in the region. The Act would provide for

enhanced market access through the Generalized System of Preferences Program for sub-Saharan Africa's reformers. It would institutionalize a regularized high-level dialogue on trade and investment issues between the U.S. and the region. It would also encourage increased U.S.-sub-Saharan Africa investment.

Bilateral Agreements

During the past two years, the United States has increased its efforts to negotiate trade and investment agreements with sub-Saharan Africa countries as a means of increasing trade and investment flows with the region, increasing our dialogue with these countries, and promoting economic reform. Two types of agreements, Trade and Investment Framework Agreements (TIFAs) and Bilateral Investment Treaties (BITs) have proven to be useful tools for promoting trade and investment. TIFAs provide a framework for discussing specific trade and investment matters, negotiating new agreements, and working to remove trade and investment barriers. In February 1999, the United States signed Trade and Investment Framework Agreements with South Africa and Ghana. At the inaugural U.S.-South Africa TIFA Council meeting in July, co-chaired by United States Trade Representative Charlene Barshefsky and South African Minister of Trade and Industry Alec Erwin, progress was made on a number of issues including intellectual property protection and enhancing cooperation in the WTO. The United States is currently negotiating a TIFA with Nigeria. A U.S.-Nigeria TIFA would create a dialogue on economic, trade and investment issues and help Nigeria in its transition to democracy. BITs are market-opening agreements that protect U.S. investment abroad and ensure a predictable environment for investment guided by market forces. In December 1998 the U.S. and Mozambique signed a Bilateral Investment Treaty (BIT). The U.S. is currently discussing a BIT with

Cote
d'Ivoire.

Technical Assistance

In fiscal year 1998, The United States Agency for International Development (USAID) began implementation of the Africa Trade and Investment Policy (ATRIP) program, a multi-year initiative, that provides training and technical support for reforming African countries. A major ATRIP objective is to assist African nations in developing institutional knowledge of and support for global market integration. The program helps African countries to improve, within their borders, the legal and regulatory framework affecting trade and investment activities in the areas

of contract law, trade regulations, and taxation. ATRIP also facilitates linkages between U.S. and African businesses.

In 1999, the ATRIP budget rose \$5 million to \$22 million and has funded technical assistance activities in support of tariff and tax reform; "investor roadmap" activities that identify and alleviate red-tape obstacles (e.g., company registration requirements, import licenses); assistance to African countries in understanding their rights and obligations under WTO agreements; and U.S.-Africa business linkages to bring together U.S. companies with African counterparts in order to promote U.S.-Africa trade.

In addition to USAID, a number of other agencies, including the Department of Commerce, the Department of the Treasury, the Office of the United States Trade Representative, and the Department of Agriculture are providing technical assistance to African countries. Their efforts are described below or in other sections of the report.

Agriculture Reform Support

The Administration is committed to ensuring a secure food supply for African countries. To this end, USAID launched the Africa Food Security Initiative (AFSI) in FY98. In FY99, the AFSI initiative expanded its coverage from five countries to eight countries. AFSI is a multi-year initiative aimed at addressing the downward trend in food security, nutrition, and agriculture in Africa. AFSI supports agricultural market liberalization, export development, and agribusiness investments in the processing and transport of agricultural commodities. AFSI has led to a renewed interest in African agriculture by spearheading such legislation as the Seeds of Hope Act that was enacted in November 1998.

In the first year, FY 98, AFSI funds supported agriculture and food security activities in five African countries (Ethiopia, Uganda, Mali, Malawi and Mozambique). The programs work with a variety of organizations, including U.S. and local Private Voluntary Organizations (PVOs), to build African capacity to manage their own food security programs and policies in the future. A modest amount of funding also supported African regional organizations promoting the more rapid and efficient spread of new agricultural technologies across borders. In Uganda, USAID used AFSI resources to expand activities in agricultural production and utilization. Field demonstrations involving trial plots of food security crops such as maize, beans, and cassava have been dramatically expanded since 1997. In FY 99, AFSI programs continued and two transition countries with serious food security problems have been added: Liberia and Rwanda.

USAID's Greater Horn of Africa Initiative (GHAI) focuses on building African capacities for both conflict prevention and food security. The objective is to increase the capabilities of national governments and regional organizations in

both the public and civil society spheres. One major emphasis is to strengthen the ability of the Intergovernmental Authority on Development (IGAD), the sub-regional organization, to facilitate conflict prevention and resolution (the Sudan and Somalia peace processes, for example) and to help IGAD support food security through a variety of initiatives in regional economic integration. Central features include: development of a regional management plan for control of water hyacinths on Lake Victoria, training in conflict management approaches, and establishment of financing mechanisms to deal with conflicts that need quick response. The GHAI covers Burundi, Djibouti, Eritrea, Ethiopia, Kenya, Rwanda, Somalia, Sudan, Tanzania and Uganda.

In 1999, a number of sub-Saharan African countries continued economic reforms and market liberalization in the agriculture sector. In many cases, these reforms were consistent with U.S. efforts and advice and that of other international institutions. In compliance with its WTO commitments, South Africa has made notable progress on reducing tariffs, eliminating all of its agricultural control boards, and simplifying import regulations. In addition to South Africa, Côte d'Ivoire, Nigeria, Senegal, Ghana, and Uganda also made significant progress in agricultural market reforms. Côte d'Ivoire, privatized palm oil, sugar, and cotton companies, in addition to liberalizing domestic sugar prices.

Nigeria has slowly embarked on a program of abolishing import bans and removing other import restrictions. In 1999, U.S. engagement with Nigeria expanded dramatically. The United States sent an inter-agency assessment team to Nigeria to analyze Nigeria's needs and means by which the U.S. could provide assistance. In addition, the U.S.-Nigeria Joint Economic Partnership Commission (JEPC) was created to further dialogue on issues relating to economic reform, including

reform of the agriculture sector. In 1999, the GON removed import bans on all vegetable oils, including cooking oils and margarine. In addition, tariffs on many previously banned commodities were lowered significantly, including the tariff on poultry, which was reduced from 150 percent to 55 percent ad valorem. In meetings with USDA officials, the Government of Nigeria reiterated its willingness to abide by its WTO commitments with plans to phase out all import bans in three years. Nigeria has also announced plans to phase out pre-shipment inspection requirements. It has already removed pre-shipment inspection requirements for several countries other than the United States. Pre-shipment inspection requirements continue to be a serious obstacle to U.S. exports in terms of time and relative cost.

The Government of Senegal (GOS) has implemented thorough reforms in the agricultural sector, including the liberalization of imports and domestic pricing. In 1999, the GOS embarked on additional privatizations in agriculture. These include the sale of the state-owned cotton company, SODEFITEX, and the state-owned peanut processing company, SONACOS.

Support for Non-traditional Export Sectors

The Administration recognizes the importance of the informal sector and microenterprise to the region's growth and development and continues to commit resources to microenterprise and non-traditional export development. In the past, USAID's support for microenterprises and nontraditional exports has helped to develop the cut flower industry in Malawi and Uganda. In Malawi, USAID technical support helped the cut flower industry earn \$14 million in foreign exchange in 1997. USAID is working with Ghana's nontraditional agricultural export sector by providing technical support to train small farmers in the use of

agricultural chemicals, post-harvest handling, and procedures for certification.

A new component of the project, beginning next year, will assist current and

potential exporters of agricultural products to develop product standards and

quality control systems. In Malawi and Madagascar, a new USAID business linkage

will expand production and export of nontraditional "natural products" to U.S.

manufacturers and will help less developed regional suppliers expand sustainable

production of botanical and phyto-medicinal products.

Reinforcement of USG Policy Initiatives

The former U.S. Information Agency (since October 1, 1999 merged with State),

working closely with African governments and Non-Governmental Organization (NGO)

leadership, has established programs designed to foster economic reform and good

governance by making available information and advice on the rule of law, a free

market economy, an independent judiciary, an open and fair electoral system, and

a free and independent media. Over the last year, USIA has arranged for visiting

American officials and delegations, trade delegations, and expert speakers and

consultants to explain U.S. trade and free market policies and practices. These

speakers have focused on the importance of continued economic reform in Africa,

addressing issues ranging from privatization to the importance of fostering

strong anti-corruption policies.

2. Regional Economic Integration

Support for regional African integration is a priority for the Administration's

efforts to promote economic reform and growth in Africa. Many of Africa's small

economies would benefit from increased regional integration.

Regional economic

integration can also serve as a catalyst for greater political stability.

By

creating larger, harmonized markets, regional integration promotes efficiency,

creates more attractive markets for investment and trade, and enhances competitiveness. There are a number of regional organizations in sub-Saharan Africa including: the Central African Customs And Economic Union; the Common Market for Eastern and Southern Africa (COMESA); the Economic Community of Central African States; the Economic Community of West African States (ECOWAS); the Inter-governmental Authority on Development (IGAD); the Southern African Development Community (SADC); the Organization of African Unity/African Economic Community (OAU/AEC); the Tripartite Commission for East African Cooperation (EAC); and, the West African Economic and Monetary Union (WAEMU). WAEMU has made the most progress toward regional integration with a single central bank and a common currency. Its members are scheduled to establish a customs union by January 2000. In January 1999, WAEMU lowered its internal tariffs by 80%. Through USAID's Regional Center for Southern Africa and other Administration initiatives, the U.S. has been successful in its support for SADC regional integration and the SADC Trade Protocol. Since last year, an additional three SADC members ratified the Protocol, bringing the total to seven. Other members are close to ratifying. The Protocol is scheduled to enter into force in January 2000.

Generalized System of Preferences Cumulation Benefits

In June 1998, the President determined that eligible members of WAEMU, SADC, and the EAC could combine their value-added contributions to products exported to the U.S. in order to meet GSP rule-of-origin requirements. Allowing eligible countries to pool their contributions in meeting the rule-of-origin requirements will encourage eligible members of qualifying regional economic organizations to use inputs from their neighbors, thereby promoting inter-regional trade and investment. To be eligible, SADC and EAC members must ratify their

organization's respective trade protocol. In 1999, four SADC members, Namibia, Lesotho, Malawi, and South Africa ratified the SADC trade protocol, bringing to eight (with Tanzania, Mauritius, Botswana, and Zimbabwe) the number of SADC countries eligible to receive the cumulation benefit. All eight WAEMU countries are already eligible for the new GSP cumulation benefit. The worldwide GSP program expired on June 30, 1999 but was re-authorized in November 1999 with benefits retroactive to July 1, 1999.

Regional Trade and Investment Framework Agreements (TIFAs)

USTR has concluded negotiations of a Trade and Investment Framework Agreement (TIFA) with WAEMU. The signing of this agreement is anticipated in early 2000.

A TIFA with WAEMU would support the region's integration efforts, while strengthening U.S. economic engagement with the countries of WAEMU. USTR has also begun initial discussions of a TIFA with the Southern African Development Community. The Administration has used regional TIFAs in other parts of the world as tools to institutionalize dialogue with regional leaders on trade and investment liberalization, regulatory reform, intellectual property rights protection, and other measures to enhance trade.

Support for Harmonized Trade Policies and Cross Border Trade

USAID, through its regional offices for West Africa, Southern Africa, and East Africa, continues to implement activities aimed at reducing constraints to cross-border trade. In East and Southern Africa, USAID's economic growth programs have helped African decision makers better understand the need for liberalized and harmonized trade policies as well as the importance of investor-friendly trade policies. USAID has been working extensively with the Southern African Development Community on completing negotiations to implement

its Trade Protocol that will reduce tariffs and trade barriers within SADC. In Mozambique, USAID is working to assist that government's negotiation of the terms of its participation in the Protocol to be implemented over the next eight years.

In East Africa, USAID has been supporting the efforts of transportation authorities to lower regional, cross-border transportation related barriers to trade. In 1999, USAID and USDA initiated a program to assist policymakers and the private sector in East Africa (Kenya, Uganda, and Tanzania) to lower transport costs and develop efficient, common standards for trade in agricultural products which will further reduce barriers in cross-border trade within the region.

In follow-up to Treasury Secretary Rubin's trip to Africa in July 1998, the Treasury Department is encouraging African nations and organizations, in conjunction with the IMF, World Bank, African Development Bank, and Financial Action Task Force (FATF), to take effective steps to combat corruption and financial crime, including money laundering. In pursuit of these objectives, Treasury has pledged technical assistance support for combating corruption and financial crime at regional workshops hosted by the West African Institute for Financial and Economic Management (WAIFEM) and at the ministerial meeting in August 1999 at Arusha, Tanzania to launch the Eastern and Southern Africa Anti-Money Laundering Group (ESAMLG).

Debt Management

In October, Treasury reached agreement with the Central Bank of West African States (BCEAO) for placement of a resident advisor on debt management at BCEAO headquarters in Dakar. The Advisor will be available to consult as well with

member governments on debt management issues.

3. Labor Standards

African countries must enhance their adherence to core labor standards in order to sustain economic development and to meet the challenges associated with economies in transition. As part of its labor market technical assistance program to support the President's Partnership Initiative, the U.S. Department of Labor (USDOL) has initiated work in Africa in support of core labor standards and to combat child labor. USDOL is also providing advice and technical assistance to Ministries of Labor in sub-Saharan Africa, and is planning a training symposium on AIDS prevention in the workplace.

Building Institutional Capacity in African Labor Ministries

Core labor standards and economic growth are mutually reinforcing and are a critical ingredient to formation of democratic institutions. For countries making serious commitments on core labor standards, implementation of worker rights can be better promoted by modern labor ministries with strong and effective capabilities. The U.S. Department of Labor (USDOL) provides technical assistance worldwide on labor market reform and development, with funding from international aid agencies such as USAID, the World Bank, and other multilateral development banks.

In Africa, USDOL has received funding for a project to assist labor ministries in Namibia, South Africa, Tanzania, Uganda, and Malawi and Mozambique to improve their core functions, including occupational health and safety, labor legislation reform, and job training. This assistance will help raise productivity levels, encourage greater transparency and predictability in economies, and develop the human resource-base of these countries. The

project will be initiated with a conference in Dar Es Salaam in Spring 2000 at which relevant labor, business, and government officials will prioritize needs and work with USDOL to assess next steps.

USDOL is continuing to provide training and consultation to the South African Department of Labor (SADOL) staff working in the areas of employment equity, occupational safety and health, labor market statistics and labor market research. The program's goal is to equip SADOL staff with the skills and materials they need to implement South Africa's new Equity Law, apply occupational safety and health standards, and conduct statistical processes and fundamental research needed to respond quickly and effectively to an evolving labor market.

Workplace Training for AIDS Prevention

On February 3-4, 2000, the USDOL and the AFL-CIO will co-host the U.S.-Africa Trade Union Summit on HIV/AIDS Workplace Education. The Summit will provide an opportunity for trade union leaders in the United States and Africa to discuss and develop collaborative efforts aimed at workplace-based HIV/AIDS education and prevention. Many U.S. unions, as well as many unions in Africa, have been very successful at using the workplace as a means for obtaining accurate information about HIV/AIDS directly from workers. The Summit will allow trade unions from both the US and Africa to discuss how barriers to AIDS education might be surmounted and how successful initiatives might be developed. Trade unionists will compare experiences on the best methods and practices for teaching AIDS prevention in the workplace, discuss ways to work with governments, businesses, NGOs, and the scientific community, and consider an agenda for concerted activities at the national and international level.

Support for the Elimination of Child Labor

In accordance with the Department of Labor's overall objective of promoting adherence to core labor standards around the world, the International Child Labor Program focuses on supporting policies and programs that target the elimination of abusive child labor. This objective is accomplished through periodic reporting on international child labor issues, including the nature and extent of the program, and financial support for targeted child labor projects coordinated by the ILO's International Program on the Elimination of Child Labor (IPEC).

Over the past five years, the U.S. Department of Labor International Child Labor Program with the assistance of the Department of State has produced a report on child labor in a number of African countries. These reports, entitled *The Sweat and Toil of Children*, cover child labor in the agriculture, manufacturing, mining, and services sectors in Benin, Cote d'Ivoire, Egypt, Ghana, Kenya, Lesotho, Madagascar, Morocco, Mozambique, South Africa, Sudan, Tanzania, Uganda, and Zimbabwe. In 1999, the Department continued to support the elimination of abusive child labor in Africa by funding a number of IPEC programs. National child labor surveys were funded in Nigeria, Zambia, Uganda, and Ghana. The Department also contributed \$1.8 million toward the effective participation of Uganda and Zambia in the IPEC program and funded the first phase of a regional project to combat the trafficking of children for labor exploitation, which will be implemented in Benin, Burkina Faso, Cameroon, Gabon, Ghana, Ivory Coast, Mali, Nigeria, and Togo.

Later this year, the Department expects to make a contribution toward the effective participation of Nigeria in the IPEC program. During the fiscal year 2000, the Department will fund the participation of South Africa in

the IPEC program, as well as a regional project to combat child labor in commercial agriculture in Kenya, South Africa, Tanzania, Uganda, Zambia, and Zimbabwe.

B. Enhanced U.S. - Sub-Saharan Africa Economic Engagement

1. United States Trade Representative

In February 1998, U.S. Trade Representative Charlene Barshefsky created the position of Assistant U.S. Trade Representative (AUSTR) for Africa. With the creation of this new position, USTR has expanded its efforts to promote economic reform in sub-Saharan Africa, worked to increase trade and investment flows between the U.S. and Africa, and urged African countries to participate more fully in the global trading system and in preparations for the Seattle WTO Ministerial Conference and new Round. USTR has engaged with sub-Saharan Africa through strong participation in the March U.S.-Africa Ministerial, visits to Africa, numerous bilateral meetings with and briefings for African Ministers and the African diplomatic community, negotiation of bilateral agreements, and creation of special technical assistance initiatives.

Ambassador Barshefsky co-chaired with the Organization of African Unity/African Economic Community a special roundtable on bilateral and multilateral trade issues with African leaders during the first U.S.-Africa Ministerial in March 1999. During 1999, the AUSTR for Africa traveled to Africa to engage and consult with African Trade Ministers and officials in Burkina Faso, Ghana, Morocco (for meetings with a number of sub-Saharan African countries on the margins of a Group-of-77 meeting), Nigeria, Senegal, and South Africa. These visits produced enhanced cooperation in the WTO, resolution of specific trade disputes and issues, enhanced dialogue on efforts to promote increased bilateral trade and

investment flows, and creation of additional business-to-business ties.

Throughout the year, USTR worked with the Congress to promote passage of the African Growth and Opportunity Act. As discussed earlier, AGOA would provide a vigorous trade policy toward Africa. It would create new opportunities for trade and investment with Africa and would encourage Africa's reformers to continue their efforts.

As mentioned earlier, in February 1999, USTR signed Trade and Investment Framework Agreements (TIFAs) with South Africa and Ghana. At the inaugural U.S.-South Africa TIFA Council meeting in July chaired by United States Trade Representative Ambassador Barshefsky progress was made on a number of issues including intellectual property and enhancing cooperation in the WTO. USTR is currently negotiating a TIFA with Nigeria and regional TIFAs with WAEMU and SADC. USTR is also discussing a Bilateral Investment Treaty with Cote d'Ivoire.

Imports from sub-Saharan Africa under the Generalized System of Preferences Program, administered by USTR, increased dramatically in 1998, up 73 percent from \$1.4 billion in 1997 to \$2.4 billion in 1998 (based on GSP imports for general consumption). The increase was led by imports of crude oil from Angola. The GSP program provides duty-free treatment for certain imports from eligible countries. Leading GSP beneficiaries in sub-Saharan Africa include Angola, South Africa, Zimbabwe, the Democratic Republic of the Congo, Equatorial Guinea, Malawi, and Cote d'Ivoire. Leading GSP imports from sub-Saharan Africa for 1998 were crude oil, minerals and metals, chemicals, agricultural products, and machinery. This year, USTR extended GSP benefits to two additional sub-Saharan African countries, Gabon and Mauritania. USTR worked with a number of African countries to help them understand how the GSP program works.

Additional information on USTR's efforts are contained throughout this report, particularly in section III.C. on "Support for Africa's Full Integration into the Multilateral Trading System."

2. Department of Commerce

In 1999, Secretary of Commerce William Daley and Deputy Secretary Robert Mallett continued their strong program of economic engagement with Africa. Secretary Daley visited Africa for the fifth time in February, to co-lead with Minister of Trade and Industry Erwin the Trade and Investment Committee of the Gore-Mbeki Bi-National Commission (BNC). The United States and South Africa continued to work toward resolution of commercial impediments. South Africa also signaled its intent to sign the Anti-Bribery Convention.

Deputy Secretary Mallett promoted U.S. commercial interests in Africa during his participation in the Fifth African/African-American Summit in Accra, Ghana in May, and during his July visit to Nigeria and South Africa. In Nigeria, the Deputy Secretary hosted a trade mission for Nigerian businesses and U.S. firms in Georgia, and inaugurated a Commercial Law Development Program. He also traveled to Durban, South Africa to participate in the Southern African Development Community (SADC) World Economic Forum Summit.

The Department of Commerce serves as a major catalyst for engaging the U.S. business community in Africa, and the Department has increased its staffing in the region to assist the business community. Since 1998, the U.S. and Foreign Commercial Service (US&FCS) has doubled its officer complement in South Africa, and tripled it in Kenya and Cote d'Ivoire. South Africa now has six commercial officers, including one each in Cape Town and Durban and a new Director of the Ron Brown Commercial Center in Johannesburg.

There are three officers in Abidjan and three in Nairobi, where the Embassy has just occupied new space after the bombing in August 1998. These staffing increases create a stronger, comprehensive regional program in southern, west, and east Africa, and US&FCS is already moving to reinforce the commercial programs of U.S. embassies across the continent.

The Department of Commerce is developing a comprehensive initiative to help Africa build its commercial infrastructure. This initiative includes: programs to promote increased U.S. trade and investment linkages with Africa; electronic commerce and related information technology programs; infrastructure and training programs of technical assistance; and, sustainable development programs that help protect Africa's resources and environment. Commerce is also organizing a Business Advisory Committee on Africa comprised of U.S. firms heavily involved in the region, to ensure closer coordination and consultation between government and the private sector on commercial policy issues.

Over the past year, Commerce worked with State, Transportation, and USIA to raise African awareness of the Y2K problem. The Department produced and distributed throughout the continent a variety of free informational materials, including a CD-ROM available in English, French, Portuguese, and Arabic, that allows organizations to self-diagnose their Y2K exposure. Approximately 5,000 CD-ROM's were distributed in Africa. Commerce also organized a series of conferences on Y2K in Nigeria, Ghana, Cote d'Ivoire, and South Africa to discuss levels of readiness and awareness.

Commerce is working with a number of other U.S. agencies on initiatives for Africa. Along with the U.S. Agency for International Development (USAID) and the State Department, Commerce is establishing Commercial Law Development Programs

(CLDP) with Nigeria, Angola, the Southern African Development Community (SADC), and West Africa. The programs in Nigeria and SADC have been launched and the others are in various development stages. CLDP provides technical assistance, training, and consultative services to policy makers, regulators, judges, and lawyers to improve the legal environment for doing business. Commerce is also cooperating with the U.S. Trade and Development Agency (TDA) to introduce potential U.S. suppliers to representatives from thirteen African nations with infrastructure needs for potable water and wastewater treatment plants.

Commerce and USAID are cooperating in a program to help U.S. firms in Africa combat the spread of AIDS. AIDS has become a major threat to the future of American business in the region, and the joint effort will encourage more U.S. companies to adopt educational initiatives and outreach to their employees to slow the spread of the disease.

Commerce Department's National Oceanographic and Atmospheric Administration (NOAA) is engaged in a variety of weather, water, commercial fisheries, and GLOBE Internet programs across the continent. The programs are aimed at providing African governments with better climate data, enhanced weather predictive capability, more effective management of crops and fisheries, and the benefits of environmental satellite imaging technologies.

The National Telecommunications and Information Administration (NTIA) has provided technical assistance to a number of African countries to help them comply with the WTO telecommunications implementation. NTIA personnel have participated in USAID regional telecommunications integration projects in Africa, and assisted Zambia as it works to privatize its telecommunications parastatal. NTIA has also developed technical assistance programs to enable

greater Internet connectivity and promote broader use of telemedicine and distance learning capabilities.

The National Institute of Standards and Technology (NIST) concluded a Memorandum of Understanding (MOU) with the Kenyan Bureau of Standards to promote information exchange on standards. Secretary Daley signed the MOU with the Kenyan Government during his December 1998 Commercial Development Mission to Africa.

3. Department of the Treasury

In March, in the context of the President's Partnership for Economic Growth and Opportunity in Africa, Secretary Rubin met in Washington with finance ministers representing most of sub-Saharan Africa and in September, Secretary Summers conducted a follow-up round table discussion with selected sub-Saharan African Finance Ministers, also in Washington. Both sessions focused on achieving broad economic reform and poverty reduction goals that are fundamental to the President's Partnership. Prominent themes included private sector growth and investment, poverty reduction -- largely through strong emphasis on education and health programs, governance, debt reduction programs and International Financial Institution (IFI) lending to support economic and trade liberalization.

The Treasury Department oversees U.S. participation in the International Monetary Fund, the World Bank and the African Development Bank, all of which have highly active programs in sub-Saharan Africa. Together with the Banks and the IMF, the United States is working to facilitate adoption of more liberal trade and investment climates in the region. Treasury has worked with shareholders and management of the IFIs to ensure a more coordinated approach among the IMF, the World Bank and the African Development Bank in spurring

economic growth and human development. The United States strongly supports the World Bank's and African Development Bank's moving to sharpen the focus on achieving verifiable progress on poverty reduction and the IMF's ensuring complementary macroeconomic conditions. With strong support from the United States and other shareholders, the African Development Bank has adopted a very forward-reaching policy to promote good governance in member countries. The U.S. also strongly supports the work of the World Bank and IMF in Africa and elsewhere to promote good governance.

The U.S. successfully concluded negotiations on the 12th replenishment of the International Development Association (IDA), which lends at concessional interest rates to the poorest countries in the world, many of which are in Africa. Under the new agreement, lending will be based on stronger performance measures, especially good governance. Roughly half of resources will be directed towards African nations, depending on their performance. Similar reforms were agreed to in the recent African Development Fund replenishment, building on the strong reforms of the African Development Bank. The President's FY 2000 budget contains funding requests for these institutions.

The Department of the Treasury also oversees that part of the President's Initiative, which supports efforts by African countries to adjust their external debt to manageable levels -- while at the same time improving education and health programs in the countries. The bulk of the debt relief activities under the Initiative will be executed in concert with a country's other external creditors through the Paris Club and the IMF/World Bank's program for Heavily Indebted Poor Countries (HIPC). Treasury has played a lead role internationally, in designing and generating international support for the enhanced HIPC. Some 33

countries are expected to benefit under the enhanced HIPC, 27 of which are in Africa. Debt relief is structured in a way to support the social sector, particularly improved governance and poverty alleviation.

Treasury administers a Technical Assistance program, which can support African governments' efforts to modernize and strengthen the financial sector. This is a high priority area for removing constraints on growth and development. Treasury has placed technical assistants and sent missions to a number of countries with a view toward providing advisors in areas of Treasury Department expertise. Treasury also administers a specific Tax Technical Assistance program to help governments construct and maintain a stable tax system. In the past year, Treasury has had a resident advisor in South Africa and has sent another advisor there.

The Office of Tax Policy at Treasury is responsible for negotiating bilateral tax treaties with foreign countries. Treasury is currently engaged in technical discussions with Cote d'Ivoire, which may lead to full treaty negotiations in CY 2000. Tax treaties can assist developing countries because they encourage U.S. investment attracted by lower withholding rates. Treasury has relatively strict criteria for entering into treaty negotiations. For example, the country must be stable, the tax regime must also be stable and transparent, and the potential treaty partner must agree to exchange information with the United States and not promote bank secrecy rules. Treasury continues to actively seek to identify other candidates for treaties in Africa.

4. Export-Import Bank

In 1999, Ex-Im Bank made significant progress in expanding its engagement in sub-Saharan Africa. During the year, Ex-Im Bank provided loans and guarantees of \$600 million, more than ten times the 1998 level. Ex-Im Bank

doubled the number of African markets in which it does business to thirty-two. Ex-Im Bank expanded medium-term financing to cover purchases by private sector buyers in Nigeria and Tanzania and will begin to offer the private sector short, medium, and long term financing in Mozambique. By providing financing on longer terms of payment, Ex-Im Bank is opening the door to African businesses by enabling them to purchase goods or services from U.S. exporters.

In 1999, Ex-Im Bank also established a new \$200 million short-term Africa pilot program which allows countries where routine Ex-Im Bank financing was previously unavailable to do business. The new Africa Pilot Program covers public and/or private sector transactions in Burkina Faso, Cameroon, Chad, Cote d'Ivoire, Equatorial Guinea, the Gambia, Guinea, Madagascar, Malawi, Mali, Mauritania, Sao Tome and Principe, and Togo. During this year, the South African rand was added to the list of major pre-approved currencies for inclusion in Ex-Im Bank's Foreign Currency Guarantee Program, making it easier for U.S. exporters to sell their projects in Southern Africa.

During 1999, the Chairman of the Board traveled to Ghana, Nigeria, South Africa and Mozambique where he met with private sector and government leaders. In addition, every member of Ex-Im Bank's Board of Directors and Senior African Specialists was in Africa during the last year and a half, visiting twelve countries.

Ex-Im Bank's sub-Saharan Africa Advisory Committee (SAAC) has been very active, exploring how to increase Ex-Im Bank's exposure in sub-Saharan Africa and developing a marketing strategy to reach audiences unfamiliar with Ex-Im Bank products and activities in sub-Saharan Africa. At the SAAC's urging, Ex-Im Bank initiated an

"e-mail Africa" to hundreds of addresses in Africa. This interactive Internet communication provides monthly Africa updates via e-mail highlighting Ex-Im Bank's activities in sub-Saharan Africa.

Ex-Im Bank has evaluated numerous changes to programs and products including, extending terms on new and refurbished equipment, and has enlisted the assistance of Ex-Im Bank's domestic network of six regional offices, 36 city/state partners and four Delegated Authority Lenders.

At the Atlanta Africa Transportation Ministerial, Chairman Harmon signed, with Secretary of Transportation Slater and African Ministers of Transport, a Memorandum of Understanding with the eight participant countries of the Department of Transportation's Safe Skies Initiative and for the member states of Southern African Development Community to promote the development of the transportation sector and expand commercial trade relations and tourism between the U.S. and the southern Africa region.

5. Overseas Private Investment Corporation

During 1999, OPIC signed new or replacement bilateral investment incentive agreements with Benin, Ghana, Kenya, Mozambique, Zambia and Zimbabwe. These agreements will facilitate OPIC operations in these sub-Saharan African countries. Since 1993, a total of 17 such agreements have been signed with the countries of sub-Saharan Africa.

OPIC's programs became available in Nigeria and Mauritania in 1999, following a period of suspension due to statutory restrictions on OPIC activities. OPIC programs are now available in 41 of the 48 countries of Sub-Saharan Africa. In FY 99, OPIC committed to 10 new finance and insurance projects in eight different sub-Saharan African countries. There include six agri-business projects consistent with the objectives of the

African Seeds of Hope Act.

In 1999, OPIC established its largest equity investment fund for Africa, the \$350 million New Africa Infrastructure Fund. The fund is expected to commence investments in the year 2000. In addition the following OPIC-supported funds are operational in sub-Saharan Africa: Africa Growth Fund; Allied Capital International Small Business Fund; Aqua International Partners Fund; Global Environmental Emerging Markets Fund II; Modern Africa Growth & Investment Fund; and, New Africa Opportunity Fund. OPIC also created a new political risk insurance product to help developing countries access funds from the U.S. capital markets for large-scale projects. The capital markets product can be considered for private sector projects with costs ranging from \$100 million to \$200 million.

6. United States Agency for International Development

USAID has active bilateral assistance programs in 24 countries in sub-Saharan Africa.

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Africa. Some programs put strategic emphasis on "health and population" while

others stress activities in "economic growth and agriculture." Among the latter

programs, many activities are geared to promote improvements in the economic policy improvement environment.

For example, during 1997-99, USAID/Mozambique has been assisting an alliance of

business organizations and the Ministry of Commerce with an attack on

government-wide red tape (simplification and abolition of company registration

requirements, abolition of export/import licenses). In 1999 this program was

broadened to include improvement Mozambique's capacity to

implement its commitments to freer regional trade under the SADC Trade Protocol, to continue global tariff reductions, and to fulfil its obligations under World Trade

Organization agreements; and, after USAID-supported legislation passed by Parliament in May 1999, assistance to a new Center for Alternative Dispute Resolution to train arbitrators, promote the use of ADR contracts, train judges on enforcement of ADR decisions.

USAID/Mali's program puts emphasis on assistance to the development of agribusiness and agricultural exports. One element of that program has been to improve the economic policy environment that affects the sector -- for example, by helping private exporters of livestock and rice to obtain removal of regional export and import tariffs on these products. An important impact of these efforts in 1998-99 was to energize a public-private sector initiative to crack down on illegal transit fees that continue to impede trade in the region - a crack-down which contributed to a dramatic increase in Mali's second largest agricultural export (livestock).

In Tanzania, the USAID Mission has been supporting since 1997 the government's efforts to rationalize tax-policy, with particular support for tax-policy analysis and planning at the Tanzania Revenue Authority (TRA) and the Ministry of Finance. The goal is to promote further reduction of import tariffs, broadening of the tax base for major national taxes (through reduced discretionary and statutory tax exemptions), and reduced business costs of compliance with the

tax system. Major tax -policy milestones in Tanzania since creation of the TRA in 1996 have included: elimination of export taxes, introduction of a Value Added Tax in 1998, and income tax and import tariff reforms in June 1999.

In addition, USAID has other broader programs targeting a number of

African
countries.

The Leland Initiative, a five-year (1996-2001), \$15 million USAID project, is bringing the global information network to Africa. The project emphasizes a public-private sector approach between Africa and the United States to bring full Internet capacity to twenty-one sub-Saharan African countries. This project assists in creating an enabling policy environment, encouraging a sustainable Internet service provider industry, and enhancing user applications for sustainable development. Since the launch of the initiative in 1996, 15

countries have adopted major changes in their telecommunications approaches resulting in price reductions of up to 80% for Internet access. Under the Initiative, experts have installed high-speed national Internet gateways in seven countries (Mali, Mozambique, Madagascar, Rwanda, Guinea, Cote d'Ivoire, and Benin), a national university gateway in Ghana, and connected scores of user institutions. More than 40 private Internet service providers have commenced operations in sub-Saharan Africa since the beginning of the initiative, and Leland Initiative trainers have trained more than 1,500 user institutions.

In South Africa, the Africa Trade and Investment Policy (ATRIP) program is helping to fund the South African International Business Linkages (SAIBL) project which has been providing database, marketing, and matchmaking assistance to historically disadvantaged, small and medium-size enterprises that are seeking increased trade, investment, and transfer of technology with American firms. In 1999, two new ATRIP projects, one focusing on trade development in natural products and the other focusing on market liberalization and business linkages for cocoa producers in West and East Africa, will provide promising new opportunities for U.S. and African firms.

7. Trade and Development Agency

The U.S. Trade and Development Agency (TDA) had its most active year to date in promoting U.S. exports to and investment in Africa. In an effort to facilitate market entry by U.S. firms into this region, TDA provides technical assistance for project development in the form of feasibility studies and orientation visits (reverse trade missions). These programs engage American firms in priority infrastructure projects at their earliest stages and encourage participation by U.S. manufacturers and service providers during projects' implementation. Funding for TDA programs in sub-Saharan Africa reached a record \$4.9 million in FY 99. During the year, TDA funded 15 feasibility studies in 9 countries, 9 orientation visits including buyers from over 22 countries, and 10 technical assistance grants in 6 countries.

In 1998, TDA temporarily assigned a staff person to South Africa to boost the level of activity in the region. Many of the projects supported by TDA later in the year were the result of this business development work, including three feasibility studies grants signed at the Gore-Mbeki Bi-National Commission in Cape Town in February. These included a \$500,000 grant to South Africa's power utility to plan the adoption of fluidized bed combustion technology for more efficient power generation; a \$163,000 grant to assess the establishment of petroleum importing facilities to be owned and run by AfricOil, a black-owned South African oil distribution company; and a \$204,000 grant to the South African company Illovo Sugar Limited to study the adoption of U.S. technology for a new chemical production facility.

While building on the relationships TDA has established in Southern Africa, the agency remains active throughout the region, funding feasibility

studies to support projects and U.S. exporters throughout sub-Saharan Africa in the transportation, telecommunications, power, petrochemicals, and environmental sectors. TDA sponsored conferences and orientation visits funded events in the telecommunications, information technology, aircraft, surface transport, environmental, and power sectors in fiscal year 1999.

8. Department of State

To help accelerate Africa's integration into the global economy and deepen trade and investment links between the U.S. and Africa, the State Department has helped to formulate several important regional, sub-regional and country-specific initiatives. The breadth of this engagement was illustrated recently by the Secretary of State's October visit to Tanzania, Guinea, Sierra Leone, Mali, Nigeria and Kenya - her third to Africa since taking office.

In support of the Southern African Development Communities' regional integration, the United States agreed at the inaugural U.S.-SADC Forum in Gaborone, in April 1999, to provide technical assistance to member states on evaluating the potential benefits of a SADC free trade area. Part one of the study, which involves examination of the revenue impacts on SADC national governments as a result of the implementation of tariff reductions, is currently underway. Private sector participants at the Forum agreed to create a U.S.-SADC Business Council. Planning is beginning for the second annual U.S.-SADC Forum, to be held in the first half of 2000. Effective regional integration would create a market of over 200 million people, which, with appropriate policies in place, would make SADC a more attractive trade and investment partner.

Because good governance and anti-corruption measures are critical for attracting direct investment to Africa, and in encouraging domestic sources of

capital to engage in productive economic activity, the Department of State has compiled a comprehensive Action Plan to Combat Corruption as a part of Vice-President Gore's international strategy against corruption. The Bureau of African Affairs of the State Department also has worked closely with the Global Coalition on Africa in its effort to transform into an African anti-corruption convention the 25 principles on anti-corruption that eleven African countries adopted in a meeting in Washington in February. These principals were a focal point of discussion at the Global Conference on Anti-Corruption held in Durban, South Africa in October.

In an effort to embrace the new democracy in Nigeria, the State Department and other agencies convened the inaugural meeting of the U.S.-Nigeria Joint Economic Partnership Committee (JEPC) was held in November 1999. The JEPC was created to facilitate U.S.-Nigeria discussions on critical economic policy reforms, which are necessary to put the Nigerian economy onto a growth track. The JEPC is also designed to assist Nigerian efforts to develop a conducive climate for domestic and foreign investment, address serious issues of corruption and poor governance, and to encourage diversification of the Nigerian economy away from over-dependence on oil. An additional goal is to deepen U.S.-Nigerian commercial ties.

In order to search for alternatives to war in Angola, Senior officials of the U.S. and Angolan governments, led by Under Secretary of State Pickering and Vice Minister of External Relations Chicote, met in Washington in September 1999 to launch the United States-Angola Bilateral Consultative Commission (BCC). The BCC serves as a forum to enable senior officials of both governments to engage in a systematic dialogue to advance mutual interests on a range of

political, security, and economic issues. The U.S. and Angola seek to deepen bilateral relations, explore areas for cooperation in addressing Angola's 25-year civil war, and encourage a role for the U.S. private sector in Angola's reconstruction and economic development. Since the goal is to meet with the Angolans on a regular basis, a follow-on meeting may be held in mid 2000.

The Africa Bureau is also coordinating follow-up to the U.S.-Africa Ministerial, especially concerning economic and commercial initiatives. Moreover, a number of the Secretary's initiatives also add greater coherence to our engagement in South Africa, such as appointing the U.S. Ambassador to Botswana as the Special Representative to SADC. This appointment will add greater coherence to our engagement in Southern Africa.

9. Department of Transportation

The Department of Transportation continued its substantive involvement in Africa in 1999, focusing on implementation of the President's Safe Skies for Africa Initiative and the Department of Transportation's initiative to assist the nations of Africa in improving their transportation systems in every mode of transport. The Department is also providing, on a limited basis, technical assistance and training in aviation, rail, highways and maritime.

Following the very successful Secretarial missions in 1998 to Africa, there were a number of requests, and/or issues raised by various Ministers of Transport from Africa. As a result Secretary Slater on September 27-29, 1999, in Atlanta, Georgia, hosted the first ever U.S. - Africa Transportation Ministerial.

Thirty-eight Sub-Saharan African Nations (represented by 40 Ministers) participated in the conference. The Ministers solidified their commitment to build a partnership among African nations and with the United States

to develop
an African transportation system that supports economic growth,
regional
integration, tourism, and mobility and greater integration into the
global
economy in the 21st century. Ministers shared their belief that will
continue to
play a significant role in economic growth and prosperity for African
nations.
Ministers adopted a declaration identifying alternative financing of
transportation infrastructure and services, regional integration, civil
aviation
safety and security, road safety and capacity building, as primary
areas for
cooperation in the future. Over 450 Ministers, government
representatives, NGOs
and industry leaders participated in the Ministerial.

The purpose of the President's Safe Skies for Africa Initiative is to
promote
sustainable improvements in aviation safety and security in Africa and
to create
the environment necessary to foster the growth of aviation services
between
Africa and the United States. The initiative recognizes that Safe Skies
are a
prerequisite for increased trade and investment and long-term
economic
development in Africa. The initiative also complements U.S.
Government efforts
to conclude "open skies" agreements with key African countries and
promote code
share agreements between U.S. and African airlines.

On October 30, 1998, Secretary Slater named the initial eight
countries in
Africa selected to participate in the Presidential Safe Skies for Africa
Initiative. Those countries are Angola, Cameroon, Cape Verde, Cote
d'Ivoire,
Kenya, Mali, Tanzania, and Zimbabwe. In calendar year 1999, the
interagency Safe
Skies teams conducted surveys in Kenya, Cote d'Ivoire, and Tanzania.
Although
only eight countries were selected to receive full-blown surveys under
this
Initiative, the Department of Transportation is actively engaged in
assisting
several other countries on the continent to improve their aviation
safety and
security systems.

In November, the Department of Transportation concluded an Open Skies agreement with Tanzania, the first open sky agreement with a sub-Saharan African nation. The new agreement represents concrete results from the President's and Secretary's efforts to establish closer ties with Africa. The accord also reflects Secretary Slater's earlier contacts in Africa and Atlanta with African officials, and the Department is encouraged that other African countries soon will follow. Open Skies agreements permit unrestricted air service by the airlines of each country to, from and beyond the other's territory, eliminating restrictions on how often carriers can fly, the kind of aircraft they can use, and the prices they can charge. The agreement with Tanzania will take effect immediately, with the exception of unrestricted rights for passenger charters that will be phased in over two years.

In 1999, at the request of Nigerian President Obasanjo, the Department of Transportation completed an assessment of Nigeria's transportation system. This included a preliminary look at all modes of transportation, with a suggested plan of action. DOT will continue to work with Nigerian officials to assist them in rehabilitating their transportation network. DOT staff were members of the NSC-AID inter-agency assessment team which visited Nigeria in June of 1999

In support of the Secretary's Africa Initiative, the Federal Highway Administration (FHWA) has established technology transfer centers in South Africa (in 1995), Tanzania (in 1997), and in Zimbabwe (in 1999). These centers focus on the transfer of technology from the U.S., among Southern African nations, and throughout the sub-Saharan region. The centers focus on addressing institutional and program-building issues, human resource development, as well as technical practices.

C. Support for Africa's Full Integration into the Multilateral Trading System

The Administration strongly supports African efforts to become full participants in the multilateral trading system. As the World Trade Organization launches a new Round of negotiations, African participation in the multilateral trading system and the negotiations that will shape this system is even more important. There are currently thirty-eight sub-Saharan members of the WTO and four other countries have observer status. WTO membership is critical for countries to expand exports, attract investment and raise growth rates.

Sub-Saharan Africa
 WTO Member
 Angola Mali
 Benin Mauritania
 Botswana Mauritius
 Burkina Faso Mozambique
 Burundi Namibia
 Cameroon Niger
 Central African Nigeria
 Republic Rwanda
 Chad Senegal
 Dem. Rep. of Sierra Leone
 the Congo South Africa
 Rep. of Congo Swaziland
 Cote d'Ivoire Tanzania
 Djibouti Togo
 Gabon Uganda
 The Gambia Zambia
 Ghana Zimbabwe
 Guinea
 Guinea-Bissau Observers
 Kenya Cape Verde
 Lesotho Ethiopia
 Madagascar Seychelles
 Malawi Sudan
 Mauritius

Despite undeniable progress in trade liberalization, Africa remains among the world's most protected and economically fragmented regions. Its tariffs, averaging 28%, are still the world's highest. And while regional integration

is progressing, it is still in the early stages. Until very recently, no region had participated less in the WTO than Africa. African nations made fewer commitments in the Uruguay Round than any other region. Even today few have published tariff schedules in Geneva. Only five African countries have joined the Agreement on Basic Telecommunications, six have joined the Financial Services Agreement, and none are members of the Information Technology Agreement.

This slows the growth of trade with Africa; and more important, slows Africa's economic development. High tariffs reduce the ability of African firms and farmers to buy essential inputs at lower costs. Countries outside the telecommunications, information technology and financial services agreements are likely to enter the 21st century with fewer computers; less efficient phone and Internet links; less developed banking systems; and, consequently, less ability to compete.

The United States has been working with sub-Saharan African countries to encourage their active participation in the Seattle WTO Ministerial Conference and in the new Round. The Administration believes that the U.S. and African countries share many common interests in the WTO. For example, the new Round will discuss liberalization of trade in the agricultural sector. Agriculture is a major component of GDP for many African countries, and liberalization of trade, including elimination of export subsidies and rationalization of tariffs, could produce significant benefits for their farmers. Other areas of common interest include electronic commerce, technical assistance, promotion of greater transparency both in the WTO and in government procurement procedures, and liberalization of services. In 1999, U.S. Trade Representative Charlene Barshefsky conducted bilateral meetings with a number of African leaders, including those from

South Africa, Nigeria, and Senegal, focusing on ways to increase U.S.-African cooperation in the WTO. In addition, the Assistant U.S. Trade Representative for Africa traveled to a number of regional meetings and to capitals to consult with sub-Saharan African countries on WTO issues. An example of the cooperation this has produced includes the joint tabling, with Lesotho, Nigeria, Senegal, and Zambia of a WTO Technical Assistance and Capacity Building proposal. The United States has also increased technical assistance aimed at assisting sub-Saharan African countries to participate more fully in the WTO itself as well the multilateral trading system. The United States had urged the WTO to designate a Deputy Director General from sub-Saharan African. In November, a Burkina Faso candidate was named as the first such Deputy Director General.

As many African countries are moving from a passive role under the GATT toward a more demanding set of responsibilities under the WTO, USTR and USAID have held extensive consultations with African countries regarding the opportunity that greater participation in the WTO offers. Both the private and public sectors have recognized a need for help in better understanding their rights and obligations under the WTO and in adapting their existing laws and regulations to meet WTO standards.

USTR and USAID have worked closely together to create and implement a program of regional and national workshops structured to help African countries better understand the WTO and potential benefits from increased trade. On the margins of the Seattle WTO Ministerial Conference, USTR and USAID hosted a Technical Assistance Symposium for African Trade Ministers on WTO-Related Technical Assistance Resources available from multilateral, regional, and bilateral donors and on methodologies to develop core national WTO expertise. A

comprehensive Guide to WTO-Related Technical Assistance was also released. In 1999, WTO-related workshops were held at the regional level in Zambia (co-sponsored by COMESA) and at the national level in South Africa, Uganda, Senegal, Cote d'Ivoire, and Mali. USAID is also working in Uganda to develop its capacity to meet obligations under the WTO. Areas of WTO-related technical assistance in Uganda include agricultural issues, customs valuation, sanitary and phytosanitary requirements, and, in conjunction with the Commerce Department, the establishment of WTO-consistent local commercial law. The workshops are one step in helping African countries establish core national expertise on WTO and trade issues.

D. Support for Sustainable Development

1. Development Assistance

The Administration's development assistance programs for African countries are administered through the U.S. Agency for International Development. USAID's approach is based on: promoting broad-based economic growth through policy analyses, technical assistance and training that will create a supportive

environment for trade and investment and accelerate economic growth, complementary human development investments in education, improvements in health care delivery systems, protecting the environment, and strengthening democracy and governance. In addition, emergency relief is structured to help nations make the transition to sustainable development.

2. Infrastructure Development

Commerce, Transportation, and TDA are working with the American Association of Airport Executives (AAAE) to improve airport infrastructure throughout Africa. This public-private partnership is working with African nations to address

critical topics such as aviation safety, security, infrastructure development, and open skies. In addition, Commerce and AAAE are working with TDA to promote a feasibility study for Kenya airports that will outline airport infrastructure/capital financing needs and identify key infrastructure development strategies.

In the energy sector, USAID is working with host countries to support cross-border trade that will lower energy costs through the West Africa gas pipeline, the Southern African Power Pool (SAPP), and the West Africa regional power sector integration program. Technical assistance provided by USAID to countries involved in the West Africa gas pipeline project will help to resolve important tax, tariff, and environmental issues. This will facilitate negotiations on an agreement for a \$400 million gas pipeline that will deliver offshore Nigerian gas to energy-short markets in Ghana and elsewhere.

The U.S. Army Corps of Engineers has been working on a number of water and infrastructure issues in support of sustainable development in Africa. In the past 15 years, the Corps has addressed water catchment in Cape Verde, assessed potable water and municipal refuse collection needs in Mauritania, repaired commercial buildings damaged by terrorist bombs in Kenya, supported demining efforts in Angola, Eritrea and Ethiopia, protected wildlife habitats in Burundi, Chad, Cameroon, Ghana, Niger and Uganda, and improved coastal security in Guinea, Gambia, Senegal and Guinea-Bissau. The Corps has also provided assistance with renovations and construction of medical facilities in Botswana, Lesotho, Malawi, Niger, Rwanda and Senegal, assisted with a school renovation in Cape Verde, and provided support for constructing water wells in Cameroon and Niger. Currently, the Corps is implementing an African Initiative to address sustainable water resource issues throughout the

region. Plans are to base this effort in Cote d'Ivoire, Egypt, and South Africa.

The Administration is a strong advocate for well-targeted infrastructure support for Africa by the Multilateral Development Banks to promote accelerated poverty reduction and sustainable economic growth. For project and program loans, we are encouraging the World Bank and African Development Bank Groups to focus on supporting primary education (for example, classrooms), basic healthcare, roads that provide poor areas with access to jobs and markets, and access to electricity, water supply and sanitation for poor areas.

3. Support for the Environment

Sustainable development requires strong attention to environmental protection. Africa faces the special challenge of finding ways to achieve sustainable economic development while at the same time preserving the continent's unique environmental diversity for future generations. The potential adverse consequences of global climate change, biodiversity loss, natural resource depletion, and rapid urbanization and industrialization in sub-Saharan Africa are especially serious due to its heavy dependence on resource-based development. The Administration, therefore, seeks to promote environmental initiatives in Africa that are consistent with sustainable development.

USAID is working in South Africa to assist the South African Department of Environmental Affairs and Tourism in exploring an economic approach to reduce pollution by South Africa's electrical power sector and the potential for emissions trading to reconcile environmental and economic goals. In a joint effort with Purdue University and the multi-country Southern African Power Pool (SAPP), USAID is working to provide technical support to SAPP in identifying opportunities to reduce environmental damage through, for example, increasing regional use of cleaner energy sources such as hydroelectric, rather

than
coal-fired, generation of electricity.

The Environmental Protection Agency operates several programs in South Africa under the auspices of the U.S.-South Africa Bi-National Commission (BNC). EPA is currently involved in a variety of cooperative programs in South Africa aimed at developing provincial environmental capacity, launching community-based solid waste management programs in target townships, supporting community-based environmental organizations, increasing access to environmental information, and reducing pollution.

In addition, EPA in partnership with USAID and UNEP, is promoting sound management of chemicals through a pilot project to provide internet-based chemicals management information in Mali and Nigeria. EPA is also organizing a U.S.-SADC Forum chemicals management workshop which will provide chemical risk and alternatives information to SADC participants.

IV. Conclusion: Looking Forward

The past few years have seen very positive trends toward political and economic reform in sub-Saharan Africa. New, democratically elected leaders of the largest economies in sub-Saharan Africa, South Africa and Nigeria, have made improving the economic situations of their countries, including improving the climate for trade and investment, important parts of their development strategies. Many African nations are making substantial progress in consolidating democracy and creating more inclusive societies. More than half the sub-Saharan African countries are now governed by elected leaders. And there is increasing recognition among these leaders that only through economic, social, and political reform will they be able to alleviate poverty, generate economic growth and ensure a more stable and prosperous future for their citizens.

Through the President's Economic Partnership Initiative, the Administration, in consultation with Congress, has worked to reinforce and support these positive trends with a comprehensive and multi-faceted approach. The U.S. is promoting economic, political, and trade-related reforms, providing technical assistance, helping sub-Saharan African countries to develop stronger infrastructure, working to increase cooperation with sub-Saharan Africa in the international trading system, addressing debt issues important to many countries, and tackling health issues such as HIV/AIDS.

Through passage of the African Growth and Opportunity Act, the Administration hopes that the U.S. will seize this historic opportunity to build on the positive trends identified throughout the report to substantively and symbolically demonstrate our commitment to assisting African countries to integrate fully into the world economy and to generating economic opportunities through expanded trade and investment.

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ACTION

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE EXECUTIVE CLERK

FROM: SAMUEL BERGER
GENE SPERLING
CHARLES M. BRAIN

SUBJECT: Fifth Annual Report to Congress on the Administration's
Comprehensive
Trade and Development Policy Toward Sub-Saharan Africa

Purpose

To submit to Congress the fifth annual report on the Administration's
Comprehensive Trade and Development Policy for Sub-Saharan
Africa as required by
section 134 of the Uruguay Round Agreements Act.

Background

USTR prepared the report, which provides an overview of the
economic situation in
sub-Saharan Africa for 1998, including a summary of economic
growth and reform
efforts, debt issues, bilateral trade with the United States, and
investment
flows. Economic growth declined in 1998 to 2.9 percent from 3.9
percent, largely
due to depressed prices for many of Africa's exports. However, the
report draws
attention to the progress that many countries are making to implement
economic
reforms, which, in turn, will help improve their economies. In
addition, the
report describes the progress the Administration has achieved on our
policy
objectives, including our support for economic reform and enhanced
economic
engagement between the United States and Sub-Saharan Africa.
Finally, the report
includes a detailed summary and matrix of the work being done by the
interagency
under your Partnership for Economic Growth and Opportunity.

The Departments of State, Treasury, Labor, Transportation, and
USTR have reviewed
and cleared this report.

RECOMMENDATION

That you sign the transmittal letters to Congress at Tab A forwarding

the
Comprehensive Trade and Development Policy Toward Sub-Saharan
Africa report (Tab
B).

Attachments
Tab A Transmittal Letters to Congress
Tab B Africa Report
1

2

9091

cc: Vice President
Chief of Staff

TRANSLATED_ATTACHMENT 9091archerltr.doc

Dear Mr. Chairman:

I am pleased to submit the fifth annual report on the Administration's Comprehensive Trade and Development Policy for Africa, as required by Section 124 of the Uruguay Round Agreements Act. The past year has seen the broadening and deepening of our economic relations with sub-Saharan Africa as we pursue common objectives under the Partnership for Economic Growth and Opportunity in Africa and set a course for the 21st century.

For the first time in history, a U.S.-Africa Ministerial was held in Washington in March 1999. The event was attended by eighty-three ministers from forty-six sub-Saharan countries, as well as representatives from four north

African nations, the heads of eight African regional organizations, and eight members of my Cabinet and four agency heads. The Ministerial resulted in the Blueprint for a U.S.-Africa Partnership for the 21st Century, a document setting forth common perspectives and plans for U.S.-Africa cooperation on a series of important issues, including the integration of African states into the global economy, regional integration, development assistance, sector issues including investment, debt, and agriculture, and the broader issues of human resource development, HIV/AIDS, transnational threats, and conflict resolution. We will continue to build on this blueprint in the coming year.

The legislative cornerstone of our Africa trade policy is the African Growth and Opportunity Act. I am pleased that this legislation has been approved by both chambers of Congress, and I look forward to the final approval by Congress of this historic legislation early this year.

The African Growth and Opportunity Act will add further impetus to our nation's bipartisan efforts to enhance economic growth and strengthen U.S. trade with and investment in sub-Saharan Africa.

My Administration continues to be guided by the conviction that economic development in sub-Saharan Africa will benefit both Africans and Americans. As highlighted in the attached report, the United States has made significant progress in supporting sustainable growth and expanded trade in Africa through a series of successful initiatives, focused on increased economic engagement, enhanced market access, technical assistance in implementing economic reforms, trade missions, development assistance, debt relief, and support for the region's integration into the multilateral trading system.

My Administration will continue working with Congress, the private

sector, the
countries of Africa, and our other trading partners to implement the
policies and
programs contained in this report. We have charted the course and
look forward
to an even stronger, mutually beneficial U.S. partnership with the
countries of
sub-Saharan Africa in the 21st century.

Sincerely,

The Honorable Bill Archer
Chairman
Committee on Ways and Means
House of Representatives
Washington, D.C. 20515-4307

2

TRANSLATED_ATTACHMENT 9091bidenltr.doc

Dear Senator Biden:

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Sincerely,

The Honorable Joseph R. Biden, Jr.
United States Senate
Washington, D.C. 20510-0802

2

TRANSLATED_ATTACHMENT 9091gejltr.doc

Dear Representative Gejdenson:

I am pleased to submit the fifth annual report on the Administration's Comprehensive Trade and Development Policy for Africa, as required by Section 124 of the Uruguay Round Agreements Act. The past year has seen the broadening and deepening of our economic relations with sub-Saharan Africa as we pursue common objectives under the Partnership for Economic Growth and Opportunity in Africa and set a course for the 21st century.

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My Administration will continue working with Congress, the private sector, the countries of Africa, and our other trading partners to implement the policies and programs contained in this report. We have charted the course and look forward to an even stronger, mutually beneficial U.S. partnership with the countries of sub-Saharan Africa in the 21st century.

Sincerely,

The Honorable Sam Gejdenson
House of Representatives
Washington, D.C. 20515-1409

Dear Mr. Chairman:

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Sincerely,

The Honorable Benjamin A. Gilman
Chairman
Committee on International Relations
House of Representatives
Washington, D.C. 20515-3220

TRANSLATED_ATTACHMENT 9091helmsltr.doc

Dear Mr. Chairman:

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Sincerely,

The Honorable Jesse Helms
Chairman
Committee on Foreign Relations
United States Senate
Washington, D.C. 20510-3301

2

TRANSLATED_ATTACHMENT 9091moynihanltr.doc

Dear Senator Moynihan:

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Sincerely,

The Honorable Daniel Patrick Moynihan
United States Senate
Washington, D.C. 20510-3201

2

TRANSLATED_ATTACHMENT 9091rangelltrtr.doc

Dear Representative Rangel:

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The African Growth and Opportunity Act will add further impetus to our nation's bipartisan efforts to enhance economic growth and strengthen U.S. trade with and investment in sub-Saharan Africa.

My Administration continues to be guided by the conviction that economic development in sub-Saharan Africa will benefit both Africans and Americans. As highlighted in the attached report, the United States has made significant progress in supporting sustainable growth and expanded trade in Africa through a series of successful initiatives, focused on increased economic engagement, enhanced market access, technical assistance in implementing economic reforms, trade missions, development assistance, debt relief, and support for the region's integration into the multilateral trading system.

My Administration will continue working with Congress, the private sector, the countries of Africa, and our other trading partners to implement the policies and programs contained in this report. We have charted the course and look forward to an even stronger, mutually beneficial U.S. partnership with the countries of

sub-Saharan Africa in the 21st century.

Sincerely,

The Honorable Charles B. Rangel
House of Representatives
Washington, D.C. 20515-3215

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TRANSLATED_ATTACHMENT 9091rothltr.doc

Dear Mr. Chairman:

I am pleased to submit the fifth annual report on the Administration's Comprehensive Trade and Development Policy for Africa, as required by Section 124 of the Uruguay Round Agreements Act. The past year has seen the broadening and deepening of our economic relations with sub-Saharan Africa as we pursue common objectives under the Partnership for Economic Growth and Opportunity in Africa and set a course for the 21st century.

For the first time in history, a U.S.-Africa Ministerial was held in Washington in March 1999. The event was attended by eighty-three ministers from forty-six sub-Saharan countries, as well as representatives from four north

African nations, the heads of eight African regional organizations, and eight members of my Cabinet and four agency heads. The Ministerial resulted in the Blueprint for a U.S.-Africa Partnership for the 21st Century, a document setting forth common perspectives and plans for U.S.-Africa cooperation on a series of important issues, including the integration of African states into the global economy, regional integration, development assistance, sector issues including investment, debt, and agriculture, and the broader issues of human resource development, HIV/AIDS, transnational threats, and conflict resolution. We will continue to build on this blueprint in the coming year.

The legislative cornerstone of our Africa trade policy is the African Growth and Opportunity Act. I am pleased that this legislation has been approved by both chambers of Congress, and I look forward to the final approval by Congress of this historic legislation early this year.

The African Growth and Opportunity Act will add further impetus to our nation's bipartisan efforts to enhance economic growth and strengthen U.S. trade with and investment in sub-Saharan Africa.

My Administration continues to be guided by the conviction that economic development in sub-Saharan Africa will benefit both Africans and Americans. As highlighted in the attached report, the United States has made significant progress in supporting sustainable growth and expanded trade in Africa through a series of successful initiatives, focused on increased economic engagement, enhanced market access, technical assistance in implementing economic reforms, trade missions, development assistance, debt relief, and support for the region's integration into the multilateral trading system.

My Administration will continue working with Congress, the private

sector, the countries of Africa, and our other trading partners to implement the policies and programs contained in this report. We have charted the course and look forward to an even stronger, mutually beneficial U.S. partnership with the countries of sub-Saharan Africa in the 21st century.

Sincerely,

The Honorable William V. Roth, Jr.
Chairman
Committee on Finance
United States Senate
Washington, D.C. 20510-0801

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TRANSLATED_ATTACHMENT 9091srb-gs.doc

January 5, 2000

ACTION

MEMORANDUM FOR SAMUEL R. BERGER
GENE SPERLING

THROUGH: HOLLY HAMMONDS

FROM: LORI HENDRICKS

SUBJECT: Submission of the Fifth Annual Report to Congress on the
Administration's Comprehensive Trade and Development Policy
Toward Sub-Saharan
Africa

At Tab I is a memo from you to the President forwarding the fifth annual report of the Administration's Comprehensive Trade and Development Policy Toward Sub-Saharan Africa (Tab B) as required by Section 134 of the Uruguay Round Agreements Act. Transmittal letters to Congress are at Tab A.

The NSC received the incoming correspondence on December 16, 1999; delay due to clearance process and USTR changes to the report.

Concurrence by: Caroline Krass, Dan Shapiro, Gayle Smith, Rick Samans

RECOMMENDATION

That you sign the memo to the President at Tab I.

Approve _____ Disapprove _____

Attachments

Tab I Memo to the President

Tab A Transmittal Letters to Congress

Tab B Africa Report

1

9091

Exchange Mail

DATE-TIME 01/24/2000 5:01:14 PM
FROM Kale, Dora A. (MULTI)
CLASSIFICATION UNCLASSIFIED
SUBJECT Letter fm State [UNCLASSIFIED]
TO Patten, Wendy L. (MULTI)

CARBON_COPY Kale, Dora A. (MULTI)

TEXT_BODY
TRANSLATED_ATTACHMENT Doc3.doc

Dear Mr. Chairman:

In response to your letter of January 14, I would like to address your concerns regarding the U.S. position in the United Nations negotiations on the Protocol to Prevent, Suppress, and Punish Trafficking in Persons, Especially Women and Children.

First, we are involved in negotiating this protocol because it will address the horrifying problem of trafficking in human beings. Traffickers prey on vulnerable potential victims to force or trick them into lives of bondage in the sex industry, domestic servitude, sweatshops, and in other forms of labor. The victims of this particularly brutal and heinous crime number in the hundreds of thousands. This Administration has taken the lead in identifying this terrible

scourge and rallying the world to respond. Personally, I have been determined to do everything I can to stamp it out, help the victims and put the perpetrators behind bars. This is not a minor issue for me. It is a matter of passion and principle.

The draft protocol currently under negotiation is necessary because the 1949 U.N. Convention for the Suppression of the Traffic in Persons and of the Exploitation of the Prostitution of Others, and existing national laws designed to combat the commercial sex industry have proven inadequate to address the growing phenomenon of trafficking. The draft protocol will enable us to attack traffickers who prey on vulnerable women and children by enhancing prosecution and law enforcement cooperation, and improving border controls and travel documents so that traffickers can be identified and brought to justice. The protocol will also ensure that victims of the modern-day form of slavery receive the support and services they need as they escape from their traffickers and rebuild their lives. Without this crucial tool in the fight against trafficking, victims will continue to suffer unspeakable harm, and traffickers will continue to go unpunished.

Second, please be assured that in pursuing a protocol to attack trafficking, this Administration is not advocating legitimizing prostitution. We would not agree to any treaty that weakened laws against prostitution. We want to go after the traffickers. We want to stop all forms of modern-day slavery of persons, especially of women and children. We want the trafficking protocol to complement, not override, existing international instruments on the exploitation of the prostitution of others.

Just last week in Vienna, our U.S. delegation made a forceful statement reiterating our strong opposition to prostitution in all its forms. We

continue
to work closely with delegations from other countries to ensure that
the draft
protocol does not indicate any support of prostitution. For example,
the U.S.
proposed a new provision encouraging countries to strengthen
enforcement of laws
related to trafficking, including laws directed at combating all forms
of sexual
exploitation of others, including the exploitation of the prostitution of
others.
We also joined with another delegation in proposing a provision that
would call
on countries to take measures to address the root causes of the
vulnerability of
women and children to trafficking such as poverty and under-
development.
Finally, several new proposals on the definition of trafficking in
persons are
now on the table for consideration. We would be happy to discuss all
of these
provisions with your or your staff.

Since the first negotiations on the Protocol commenced over a year
ago, the
Administration's unwavering position has been to do nothing that
would weaken
current U.S. laws. Nothing in the trafficking in persons protocol
weaken current
U.S. law or state laws in anyway. Nor would the protocol undermine
any other
countries' laws against prostitution. The U.S. will continue to
prosecute any
interstate transportation or transportation into the U.S. of any person
for
purposes of prostitution. Moreover, the current draft specifically
provides that
nothing in the protocol will affect the rights, obligations, and
responsibilities
of states and individuals under international law, thus ensuring that
the 1949
Convention will remain fully in force.

Let me now come to the most important point: we will need your help
to win
Senate support for the Protocol. This protocol, once completed, will
be the
first international instrument arming countries with powerful weapons
for
punishing traffickers and helping their victims. A widely-accepted

Protocol will
be an important tool in tackling this terrible problem affecting the
lives of
hundreds of thousands of women and girls every year. We believe we
have an
historic opportunity to secure such a Protocol. Please work with us as
we try to
accomplish that goal.

I have asked Under Secretary of State Frank Loy, Director of the
President's
Interagency Council on Women, Theresa Loar, Assistant Secretary of
State for
Democracy, Human Rights and Labor, and Harold Hongju Koh
Deputy Assistant
Secretary of State for International Narcotics and Law Enforcement
Wendy
Chamberlin to make themselves available to brief you (or your staff)
on our
efforts and to discuss any remaining concerns you might have.

(Wendy the above para is funny - but it is the wording that State sent-
please
look it over carefully.)

Sincerely,

Chairman Jesse Helms
United States The Honorable
United States Senate
Washington, D.C. 20510
Committee on Foreign Relations
Washington, D.C. 20510-6225