# MAURITIUS

STATEMENT

BY

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TO THE UNITED STATES

&

CO-CHAIR OF THE ECONOMIC DEVELOPMENT COMMITTEE OF THE AFRICAN AMBASSADORS GROUP IN WASHINGTON, D.C.

ON

AGOA AND THE THIRD COUNTRY FABRIC PROVISION

AT A

CONVERSATION BETWEEN CONGRESSMEN AND THE AFRICAN DIPLOMATIC CORPS

UNITED STATES CAPITOL
16 NOVEMBER 2011

**Honorable Members of the Congress,**

**Chairperson of the African Ambassadors Group,**

**Excellencies,Colleague Ambassadors,**

**Ladies and Gentlemen,**

In my capacity as the Co-Chair of the Economic Development Committee of the African Ambassadors Group in Washington, D.C., I have the great pleasure this afternoon to address the relevance, importance, and the urgency of the extension of the Third Country Fabric Provision under the African Growth and Opportunity Act - AGOA.

The African Growth and Opportunity Act (AGOA) is undoubtedly the most comprehensive trade and investment package from the United States towards the Sub-Saharan African (SSA) region.As it enters its eleventh year, we can safely say that it already has positive transformative impact on African economies. This is particularly true in the case of the apparel and textile industry, which is a vivid example of AGOA success story. In the first five years following AGOA's entry into force, it is estimated that 300,000 new direct jobs and nearly one million indirect jobs were created in the African textile and apparel sectors. Apparel exports from the SSA region to the US doubled between 2000 and 2004 reaching a record of 440.301 million square meter equivalents (sme) in 2004. It was clear that a new industry was developing among African countries, such as Botswana, Ethiopia, Ghana, Kenya,Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Uganda and Zambia.

The textile and apparel sector is an important pillar of AGOA eligible countries. For a number of African countries, apparel and textile exports constitute a substantial share of total exports. AGOA has helped to increase both the volume and diversity of US-SSA trade and the emergence of a private sector in the SSA. Exports from AGOA countries rose from $23 billion in 2000 to $81 billion in 2008. It has been highly instrumental in women empowerment, respect for human rights and democratic values, fundamental freedoms, and the protection and strengthening of institutions in Africa and above all reduction of poverty.

A well established and a vibrant textile and apparel industry in the Sub-Saharan Africa can act as a stepping stone for the establishment of related industries, unleashing in the process potentials for the development of infrastructure, agriculture and manufacturing industries and services. These in turn provide opportunities for horizontal and vertical integration within the national boundaries and at regional level and eventually pave the way for the much sought about regional economic integration in Africa.

There are some clear anecdotal examples whereby AGOA has created intra-African trade particularly in the textile and apparel sector. For example, cotton grown in Benin, Burkina Faso, Mali and Zambia is spun into yarn in Lesotho, Mauritius and South Africa. That yarn is then woven into denim fabric in Lesotho and Mauritius, which is then sold to companies in various other AGOA countries, where it is cut and sewn into blue jeans, including in Kenya, Lesotho, Mauritius, South Africa and Swaziland. Zippers manufactured in Swaziland are used in the jeans made in all of the foregoing countries, as well as in other types of garments made in various African countries.

The Third Country Fabric Provision is quintessential to sustain the growth of the nascent textile and apparel industry in the Sub-Saharan Africa. It is a key element for the success of apparel industry in Sub-Saharan Africa because it has enabled African apparel exporters to be competitive in the U.S. market. "Third Country Fabric" rule of origin allows AGOA beneficiaries to use yarns and fabrics made in any country. Indeed, 95% of the AGOA apparel imports to the United States in 2010 were under the third-country fabric provision.

To signal the vital importance of the Third Country Fabric Provision, I would like to mention the experience of my own country Mauritius, which increased its export of apparel to the United States by almost 25% in the year 2010 once its eligibility for the Third Country Fabric Provision was renewed in 2008.

The Third Country Fabric Provision is currently authorized only until September 30, 2012. It should be extended immediately for the same period as the overall authorization of AGOA, i.e. at least through September 30, 2015, and for any additional period beyond that for which AGOA is extended. Moreover, because US apparel buyers typically place their orders up to nine months in advance, the Third Country Fabric Provision should be renewed before the end of 2011 or else there will be an immediate and dramatic drop-off in orders. Once these orders leave Africa, it will be very difficult to get them back. Time is of the essence to prevent the collapse of the AGOA apparel industry, the loss of hundreds of thousands of direct jobs and the livelihoods of the millions of Africans that are dependent upon AGOA.

In closing, I should like to seize this opportunity to express on behalf of my colleagues, our profound gratitude and appreciation to the United States Congress for giving AGOA, which has gone a long way in reducing poverty in the Sub-Saharan Africa. I therefore, humbly request you Honorable Congressmen, to make it a priority of priorities to use the first available trade vehicle at the Congress to obtain the extension of the Third Country Fabric Provision by the end of this year.

Once again thank you for the opportunity.