

# American Federation of Labor and Congress of Industrial Organizations



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**Testimony of Cathy Feingold**  
**AFL-CIO International Director**  
**United States Senate Foreign Relations**  
**Subcommittee on Africa and Global Health Policy**  
**Hearing on the Africa Growth and Opportunity Act (AGOA)**  
**April 23, 2015**

Chairman Flake and members of the Senate Foreign Relations Committee, thank you for the opportunity to present testimony on the Africa Growth and Opportunity Act (AGOA) and the role of the legislation in creating jobs and decent work in sub-Saharan Africa. We appreciate the Committee's effort to encourage dialogue and move AGOA toward reauthorization. The AFL-CIO supports a 10-year AGOA reauthorization. While we have concerns about whether AGOA has succeeded in promoting shared economic growth, we believe a revised AGOA could contribute to job creation and development in Africa.

Much of my testimony today is drawn from a previous policy brief published by the AFL-CIO and the Solidarity Center titled, "Building a Strategy for Workers' Rights and Inclusive Growth—A New Vision for the Africa Growth and Opportunity Act (AGOA)."<sup>1</sup> That brief was based on intensive consultations with the AFL-CIO's African trade union partners and the regional organization that represents their interests.

Many Africa trade unions are barely aware of AGOA because it has had very limited impact on the development of their economies, except in the extractive and textile and garment sectors, and only in a few countries. This is largely due to the historical, and unfortunate, fact that trade capacity building has long focused on transport and power infrastructure, to the detriment of worker rights, protections or benefits.

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<sup>1</sup> Building a Strategy for Workers' Rights and Inclusive Growth—A New Vision for the Africa Growth and Opportunity Act (AGOA). AFL-CIO and Solidarity Center, July 2014.  
<http://www.aflcio.org/content/download/133021/3562761/AGOA+no+bug.pdf>

The AGOA legislation does, however, establish worker rights criteria. The AFL-CIO supports this recognition of the fundamental role these rights play in ensuring a sustainable, inclusive trade and development strategy, and strongly urges the inclusion of African workers, as stakeholders, in efforts to strengthen the impact and more equitably spread the benefits of AGOA. This means the development of well-grounded country strategies, and the trade and investment capacity building hubs that support them, that arise via a fully consultative process that embraces all stakeholders, including workers, their representatives and other civil society actors. These trade and investment capacity building hubs could be greatly enhanced by addressing worker rights issues throughout their programs.

Economic growth and expanding consumer markets in Africa are positive signs, especially for U.S. companies and manufacturers doing business in Africa. But they mask persistent income inequality: almost half of sub-Saharan Africans live in poverty. Key tests for AGOA will be how well it addresses growing income inequality in Africa and how well it promotes the creation of good paying and sustainable employment on the continent. The program should aspire not to push African countries into the global race to the bottom—in terms of wages, respect for rights and implementation of the law, a contest so many other countries have joined—but to fully embrace its stated goals of reducing poverty and strengthening democracy, along with increasing trade and integration.

A new AGOA must take into account what lies behind poverty, including the changing face of the workforce. A high percentage of Africans toil in the informal economy, with subcontracting and irregular labor contracts put downward pressure on wages and working conditions. Women workers dominate in many informal sectors and predominate in AGOA-promoted industries such as floriculture and garments. And many workers migrate for jobs, where they may be vulnerable to exploitation or left uncovered by labor laws.

The AFL-CIO's support for AGOA is based on feedback received from engagement with partner trade unions in Africa, through bilateral discussions and the work of the Solidarity Center, an AFL-CIO allied organization with programs in 13 countries in sub-Saharan Africa. During the recent U.S.-Africa Leaders Summit, the AFL-CIO hosted a delegation of 38 union leaders and worker rights advocates from sub-Saharan Africa. Speaking at the Summit's Civil Society Forum and in other venues, those leaders argued not just for the reauthorization of AGOA, but also for a better AGOA. A joint partnership statement between the AFL-CIO and the International Trade Union Confederation's Africa Regional Office articulated the key points of a shared economic vision for Africa.<sup>2</sup> This vision focuses on inclusive economic growth, with workers benefiting from job creation and access to financial stability, education, health care, and social protection.

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<sup>2</sup> Statement of Partnership at the Conclusion of the U.S.-Africa Leaders' Summit, AFL-CIO/Africa Regional Organization of the International Trade Union Confederation (ITUC-Africa), August 8, 2014, <http://www.aflcio.org/content/download/135251/3596281/Statement+of+Partnership+at+the+Conclusion+of+the+U+S+-+African+Leaders+Summit.pdf>

Key parts of this vision include investing in young workers, gender equality, migrant rights and policies on trade, investment, and industrialization that generate job growth but with strong respect for worker rights and the rule of law.

AGOA is very much a part of this vision but requires changes that better integrate trade promotion into the legislation's broader goals of promoting democratic governance and respect for human rights, including worker rights. In the original act, it was clear that the law was created not only to support increased trade and investment but also to encourage rule of law development, address corruption, eradicate poverty, and support civil society organizations. The AFL-CIO enthusiastically embraces that vision and is pleased that it remains a goal in the new authorization.

### **I. Improving Eligibility Criteria**

AGOA's eligibility criteria contain a range of U.S. policy goals including the establishment of a market economy, the rule of law, political pluralism, the elimination of barriers to U.S. trade and investment, economic policies to reduce poverty, efforts to combat corruption, increased access to education and health care, and the protection of internationally recognized worker rights.

In the current law, Section 104 (F) explicitly enumerates "internationally recognized worker rights" as:

"protection of internationally recognized worker rights, including the right of association, the right to organize and bargain collectively, a prohibition on the use of any form of forced or compulsory labor, a minimum age for the employment of children, and acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health."

AGOA's labor rights language needs to be consistent with the highest standards embodied in other trade legislation and state that countries must meet all core rights laid out in the corresponding ILO Conventions, which are reflected in the ILO Declaration of Fundamental Principles and Rights at Work. There also should be an explicit reference to elimination of the worst forms of child labor and freedom from discrimination, including the rights to equal remuneration and freedom from discrimination in employment and occupation enshrined in ILO Conventions 100 and 111. It should be clarified that the right to acceptable conditions of work with respect to minimum wages includes, among other things, any legally or contractually required pay (such as overtime, bonus and holiday pay) and any legally or contractually required contributions to pensions, health care, disability insurance or other benefits.

The particular focus on equal remuneration and freedom from discrimination in employment and occupation is particularly critical given the changing role of women in the African workforce. Extending trade preferences to a country can increase employment and better connections to

markets for women, but it also has the potential to increase existing inequalities and/or worsen economic opportunities.

Light industry, particularly the garment and textile sector, is heavily staffed by women—and often young women. The Solidarity Center has noted in exchanges with union partners that, in its programs in Kenya, Uganda, Malawi, Lesotho and Swaziland, women garment and textile workers have struggled with major workplace problems including low wages, sexual harassment, discrimination, unsafe workplace conditions and a lack of non-wage benefits, such as paid maternity leave. Where unions were formed to represent workers in these countries, we saw improvements in their working conditions and wages that generated gains for their families and communities.

Additional improvements to eligibility criteria should also include: requirements for countries to make continual improvement regarding labor protections over time, elevating standards and living conditions in tandem with economic growth; provisions for protecting human right in the context of business; explicit mention of democracy as a benchmark and a standard for resource transparency and activities. This last point is critical as commodity-driven growth too often supports corrupt regimes and results in little direct benefit to the majority of citizens. AGOA should contain measures that require countries to develop and implement transparency standards, and AGOA benefits should be limited, suspended or withdrawn for beneficiaries that fail to develop or implement such standards.

## **II. Creating More Robust Mechanisms for Eligibility Oversight**

The AFL-CIO is pleased that the process of sanctioning countries that do not comply with AGOA's eligibility criteria has been changed in the draft legislation, as we see removal from the program as a last step. We also believe that the new petitioning process empowers stakeholders and can send strong signals to governments to change their behavior. The AFL-CIO also welcomes the proposed flexibility of applying a selective loss of benefits. Ultimately, however, the U.S. government must be prepared to withdraw eligibility as it did with Swaziland when governments simply refuse to comply with the act's requirements.

## **III. Capacity Building**

As part of an overall effort to strengthen AGOA, trade capacity building, including in the areas of worker rights and the environment, is fundamental and requires financial resources as well as a commitment to ensuring that gains from trade result in inclusive economic growth.

Capacity building is crucial to sparking better use of AGOA and broader economic development, but must be accompanied by a robust development strategy. Current capacity building efforts, such as the Trade Africa and Power Africa initiatives, focus primarily on bolstering transport and power infrastructure. While these are necessary to meet emerging development needs and close gaps that keep African countries from taking advantage of AGOA benefits, the United States

must also invest in building stronger democratic institutions, enhancing social protections and developing needed human and resource capital if AGOA is to live up to its ambitious goals. Trade capacity building must address the ability of stakeholders to hold their governments accountable to the standards included in the AGOA eligibility criteria. Strong citizen engagement will support sustainability of projects and investments.

Congress should explicitly authorize funding for initiatives that provide youth, women and migrant workers—in formal and informal employment—with education and skills training; support informal economy unions and worker-driven organizations; and strengthen these organizations’ ability to participate in democratic decision-making and demand legal rights and access to social protections, particularly in the areas where violations of labor and environmental rights are prevalent.

Attention to core labor standards enumerated in the AGOA Section 104 should be part of a larger development strategy focused on workforce development, skills building and health and safety awareness. As agencies such as USAID promote intra-regional trade as congruent to the goals of AGOA, a deliberate effort should be made to bring unions and worker rights organizations into the process.

Unions are best prepared for and already responding to intra-regional trends and issues. In East Africa, where the East African Community (EAC) is integrating economies (supported by programs like Trade Africa), the East Africa Trade Union Confederation (EATUC) is working to promote harmonized labor standards and social security portability across the economic zone. The Congress of South African Trade Unions (COSATU) has recently released a statement noting that the impact of U.S. poultry exports could severely impact jobs in South Africa.<sup>3</sup> COSATU argues, however, that this debate is not germane to renewal of trade preferences under AGOA, and should be argued in a different venue, such as the World Trade Organization.

Finally, the Swaziland example again shows the need for rights-based training programs to help workers monitor and push back against many of the noted problems that plague light industrial production worldwide. In sectors such as garments and textiles, these programs are necessary as well as work to help workers share in the gains from trade.

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<sup>3</sup> COSATU, Press Statement, AGOA should remain non-conditional and preference based, April 22, 2015. <http://www.cosatu.org.za/show.php?ID=10324>

## **Conclusion**

A better AGOA has the potential to change not only the nature of Africa's contributions to the U.S. economy, but also to transform the lives of African workers whose work contributes to the wealth and trade that arises from duty-free access to the United States. The AFL-CIO supports the draft legislation, though it would like to see some strengthening in the eligibility criteria including labor rights provisions as well as monitoring and accountability mechanisms. The AFL-CIO believes that Congress needs to authorize capacity building funding in separate legislation so as to allow gains from trade to be broadly shared.