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Comments from the International Association of Black Professionals in International Affairs (BPIA)

In Response to the "Request for Comments on Advancing Inclusive, Worker-Centered Trade Policy" from the Office of the United States Trade Representative [Docket Number USTR–2023–0004]

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1 INTRODUCTION

1.1. The International Association of Black Professionals in International Affairs (BPIA) is a 501(c)3 non-profit membership association founded in Washington D.C. in 1989 to increase the involvement of African Americans and other people of African heritage (Black people) in international affairs. It is an all-volunteer association of people brought together by a passion for international affairs and the desire to further promote the field as a worthwhile career option for Black people. The association's three core areas of work are Business and Economic Development, Professional Development and Mentoring, and Education and Exchange.¹

1.2. BPIA is pleased to submit these comments in response to the "Request for Comments on Advancing Inclusive, Worker-Centered Trade Policy" issued by the Office of the U.S. Trade Representative (USTR) on June 12, 2023.² USTR requests these comments to explore how trade and investment policy can be designed to expand trade benefits to include underserved and marginalized communities in the United States (U.S.) and in trading partners who share concerns about rising inequality.

1.3. As our membership base and target audience is the Black community, primarily in the U.S. but also abroad, BPIA considers itself an "interested party" that represents an "underserved community" for this submission. We thus focus our comments on issues relating to or affecting Black communities in the U.S., as well as Africa and the Caribbean (specifically, Caribbean Community (CARICOM) countries) as these communities represent the majority of our members. Our comments are structured as follows: in section 2, we will provide comments on U.S. trade and investment policy as it affects Black people in the U.S. In section 3, we will comment on U.S. trade and investment policy in relation to African and Caribbean countries. We briefly conclude in section 4.

2 COMMENTS ON U.S. TRADE AND INVESTMENT POLICY ON BLACK PEOPLE IN THE U.S.

2.1. BPIA acknowledges and welcomes the strides that the U.S. government has taken to provide opportunities, limit negative impacts, and strive for better inclusion of Black people in the U.S. in its trade and investment policies and agreements. However, in light of the below (and other) specific impacts of U.S. trade and investment policy on the Black community, particularly Black workers, we provide the following further considerations:

- Since the entry into force of the North American Free Trade Agreement (NAFTA), the establishment of the World Trade Organization (WTO), and approving Permanent Normal Trade Relations with China, 60,000 U.S. factories have closed, resulting in a loss of 4.5 million manufacturing jobs. Wages have stagnated and rehired workers are earning less and losing income. Latino and Black workers currently earn a median manufacturing wage of \$39,500. Contrary to recent conventional wisdom, White working-class Americans were not similarly nor disproportionately affected by U.S. trade policy.³
- Black and Latino workers face greater challenges finding new jobs after job loss compared to White workers and the unemployment rate for Black and Latino workers is higher than for White workers. This situation is further exacerbated by the racial wage gap.⁴
- Specifically, Black workers lost nearly 500,000 manufacturing jobs from 1994-mid 2020 due to trade-related factors in several subsectors.⁵

¹ BPIA, "About BPIA", available at: <https://www.iabpia.org/about/> (accessed August 1, 2023).

² Federal Register, Vol. 88, No. 112, Monday, June 12, 2023, Notices, pp. 38118-38119.

³ Daniel Rangel and Lori Wallach, "Trade Discrimination: The Disproportionate, Underreported Damage to U.S. Black and Latino Workers from U.S. Trade Policies", Public Citizen's Global Trade Watch, 2021, p. 9, available at: https://www.citizen.org/wp-content/uploads/PC_Trade-Discrimination-Report_1124.pdf (accessed July 22, 2023) (hereinafter Public Citizen).

⁴ Public Citizen, p. 25.

⁵ Public Citizen, p. 16.

- The 15 states that are home to 58% of the U.S. Black population account for 57% of Trade Adjustment Assistance (TAA)-certified trade-related job losses. This represents 1.8 million of the more than 3.2 million U.S. jobs lost between 1994 and mid-2020.⁶
- Manufacturing workers (overrepresented by Black workers) have a higher unionization rate (9.5%). Unions particularly enable non-white members to accumulate wealth due to pay increases, benefits, and job security.⁷ However, threats of offshoring manufacturing facilities have eroded unions' bargaining power. This has resulted in pay and benefits stagnation or decreases, which have disproportionately affected Black workers.⁸
- Deindustrialization has contributed to the impoverishment of Black communities. Specifically, it has resulted in disproportionately high and chronic unemployment; population loss; declines in municipal financial resources, personal wealth, and marriage rates; and increased child mortality, single parenthood, and teen motherhood.⁹ High unemployment in Black communities has a destabilizing societal effect as there is a strong and positive relationship between unemployment and crime.¹⁰
- U.S. trade policy has also affected service sector Business Process Outsourcing (BPO) jobs like call centers. Black people comprise a significant portion of customer service representatives in the U.S. These jobs have been outsourced to low-wage countries. In fact, over 58,000 TAA-certified jobs have been lost to offshoring to the Philippines, with more losses predicted in the future.¹¹

2.2. The Black community is an important part of the U.S. political system and a loyal supporter of the Democratic Party, particularly, the Biden-Harris administration. According to the Washington Post's Exit Poll for the 2020 Presidential Election, 87% of African Americans voted for President Joe Biden – more than any other racial group in the U.S. It is thus alarming that a population group that has overwhelmingly supported three Democratic administrations since 1994 (the entry into force of NAFTA) has been disproportionately negatively impacted by trade and investment liberalization policies adopted by the U.S. in the very same period.

2.3. Therefore, in light of the specific challenges experienced by Black people as a result of U.S. trade and investment policy, BPIA provides responses to three questions included in the Federal Register Notice.

1.1 Question 1: What meaningful and substantive trade policies, actions, or provisions should policy and decision makers consider that would advance racial and gender equity, equality, and empowerment in U.S. trade and investment policy? If applicable, what existing tools can be better utilized for these goals?

2.4. BPIA proposes that the U.S. government should consider an overall policy of "inclusion by design" in trade and investment policymaking. This means that the entire lifecycle of policy conception, design, and implementation must have, as an important ingredient, matters of inclusion. We provide below examples of specific actions that can be taken.

2.5. First, USTR must undertake an underserved community impact assessment before adopting a trade/investment policy or negotiating a trade/investment agreement or similar arrangement. This would be relatively easy to conduct because impact assessments are routinely conducted before trade agreements are negotiated/concluded. USTR and other agencies that are involved in trade negotiations typically know which economic sectors will be liberalized or affected by liberalization and which sectors might be at risk of offshoring because of more attractive opportunities that will

⁶ Public Citizen, p. 20.

⁷ Public Citizen, p. 13.

⁸ Public Citizen, p. 24.

⁹ Public Citizen, p. 14.

¹⁰ See, for example, Steven Raphael and Rudolf Winter-Ebmer, "Identifying the Effect of Unemployment on Crime", *The Journal of Law and Economics* 44(1), 2001, pp. 259-283 and Avelardo Valdez, Charles D. Kaplan and Russell L. Curtis Jr., "Aggressive Crime, Alcohol and Drug Use, and Concentrated Poverty in 24 U.S. Urban Areas", *The American Journal of Drug and Alcohol Abuse* 33(4), 2007, pp. 595-603.

¹¹ Public Citizen, p. 19.

follow the conclusion of the trade agreement in the partner country/countries. U.S. Bureau of Labor Statistics data indicates that the majority of Black workers are employed in just three sectors: (i) production, transportation, and material moving occupations; (ii) service (specifically, healthcare, retail, and accommodation and food services);¹² and (iii) sales and office.¹³ As previously mentioned, manufacturing and BPO services are particularly vulnerable to offshoring. If the assessed impact on Black workers is too high, the government could reconsider the agreement or policy or adopt impact mitigation measures (like reskilling and upskilling) *before* the agreement is concluded or the policy is adopted. In its impact assessment, the U.S. government could also assess if there are specific regulatory, tariff, or non-tariff barriers in the foreign market¹⁴ that would disproportionately affect industries overrepresented by Black workers and redouble its efforts to negotiate those trade barriers away.

2.6. Second, the blockage of TAA in Congress since July 2022 has left thousands of workers, many of them Black, without access to TAA's benefits. The importance of securing bipartisan support to extend TAA (or to establish a replacement program) cannot be overstated. In addition to extending TAA, it must be improved by expanding its scope, decreasing unnecessary red tape, and increasing funding to facilitate, for example, labor mobility.¹⁵ TAA or similar programs should provide reskilling and training for current and future jobs that will be lost because of technological advances, including artificial intelligence, in trade-facing sectors like manufacturing and BPO services. As Black workers are overrepresented in those sectors, they are most vulnerable to automation disruption.¹⁶ Technology has a job-replacement effect but it can also create jobs.¹⁷ However, those jobs require higher skill/education levels that many Black workers do not have. As the U.S. will probably not regain all lost manufacturing jobs, the U.S. government can collaborate with industry, educational institutions like Historically Black Colleges and Universities (HBCUs) and community colleges, and community centers to upskill and, particularly, reskill workers that have been displaced by trade and technology, or whose jobs are vulnerable to technological disruption. This will allow Black workers to take advantage of technological advances and improve their livelihoods. This initiative should be prioritized especially in light of the COVID-19 pandemic (and future pandemics) that disproportionately affected lower-skill workers,¹⁸ many of whom are Black.

2.7. Third, the U.S. should include fully enforceable labor provisions in all future trade-related arrangements and try to renegotiate those free trade agreements (FTAs) with weak labor provisions. The language of these upgraded labor provisions could reflect the texts of the U.S.'s FTAs with Peru, Colombia, Panama, and South Korea (May 10th Agreement types of provisions).¹⁹ Moreover, the U.S. government should increase resources to enforce labor provisions in its FTA partner countries. This will discourage countries with weak labor protection from benefiting from industries that increase import competition in sectors like manufacturing, in which Black workers are overrepresented. Many labor submissions that are filed with the Department of Labor for violations of labor rights in U.S. FTA partner countries are not pursued due to, among other reasons, lack of capacity at USTR to

¹² McKinsey & Company, "Race in the Workplace: The Black Experience in the US Private Sector", February 21, 2021, available at: <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/race-in-the-workplace-the-black-experience-in-the-us-private-sector#/> (accessed August 4, 2023) (hereinafter McKinsey 2021).

¹³ U.S. Bureau of Labor Statistics, "Labor Force Characteristics by Race and Ethnicity, 2021", available at: <https://www.bls.gov/opub/reports/race-and-ethnicity/2021/home.htm> (accessed August 4, 2023).

¹⁴ Including the frequent use of trade remedies against U.S. products, non-enforcement of intellectual property rights, or no or inadequate domestic labor rights or weak enforcement.

¹⁵ Andreas Oeschger, "How to Recalibrate Trade Adjustment Assistance to Help Workers Hurt by Trade Liberalization", IISD, September 26, 2022, available at: <https://www.iisd.org/articles/policy-analysis/trade-adjustment-assistance-help-workers> (accessed August 3, 2023) and Andrew H. Card et al., "U.S. Trade and Investment Policy", Council on Foreign Relations Independent Task Force Report No. 67, 2011, p. 61-62, available at: https://www.cfr.org/sites/default/files/pdf/2011/08/Trade_TFR67.pdf (accessed July 23, 2023).

¹⁶ McKinsey 2021.

¹⁷ Daron Acemoglu and Pascual Restrepo "Artificial Intelligence, Automation, and Work" in Ajay Agrawal, Joshua Gans and Avi Goldfarb, *The Economics of Artificial Intelligence: An Agenda*, 2019, p. 198.

¹⁸ The White House, "Pandemic Shifts in Black Employment and Wages", August 24, 2022, available at: <https://www.whitehouse.gov/cea/written-materials/2022/08/24/pandemic-shifts-in-black-employment-and-wages/#:~:text=The%20early%20months%20of%20the,14.7%20percent%20in%20April%202020> (accessed August 3, 2023).

¹⁹ Mary Jane Bolle, "Overview of Labor Enforcement Issues in Free Trade Agreements", Congressional Research Service RS22823, February 22, 2016, pp. 2-4, available at: <https://sgp.fas.org/crs/misc/RS22823.pdf> (accessed August 3, 2023) (hereinafter Bolle).

litigate these cases.²⁰ BPIA nonetheless notes that the U.S. government has and continues to enforce labor provisions of FTAs in Mexico and other Latin American countries.²¹ We support these developments and hope that the U.S. government will ensure that agencies undertaking this work are adequately resourced as enforcing labor provisions in FTAs benefits workers in the U.S. and its trading partners.

2.8. Finally, USTR can improve the diversity of its staff members, including Key Officials and trade negotiators to include more Black officials. Including more Black people in trade and investment policy development and trade negotiations will increase awareness of the unique issues facing the Black community in the U.S. and will result in better-informed decision making vis-à-vis this demographic group. BPIA will gladly support USTR's search for highly qualified Black professionals who can be considered for future employment opportunities at USTR.

2.2 Question 2: Are there specific engagement and consultation considerations and/or processes that policy makers should consider in incorporating equity into U.S. trade and investment policy?

2.1. BPIA acknowledges the efforts that USTR and other trade-related agencies have made in increasing stakeholder engagement in trade policy and trade negotiations. Specifically, the establishment of the White House Steering Committee on Equity is a timely intervention. However, the steering committee should actively engage with diverse stakeholders, including representatives from Black communities, advocacy groups, labor unions, environmental organizations, and small and medium-sized enterprises (SMEs) as proposed below.

2.2. First, BPIA notes the advisory committee system managed by USTR's Office of Intergovernmental Affairs & Engagement (IAPE) to ensure that U.S. trade policy and negotiations adequately reflect domestic public and private sector interests. However, some of these committees, including those on Labor and Agriculture, have low Black representation. USTR should thus ensure better representation of Black people in committees that are lacking.

2.3. Second, beyond these structures, USTR should consider consulting on trade and investment issues with institutions primarily serving the Black community. We note that USTR is represented on the White House Council on Native American Affairs and co-chairs the White House Initiative and President's Advisory Commission on Asian Americans, Native Hawaiians, and Pacific Islanders.²² We wonder if there are similar formal fora for engagement with the Black community. If not, we strongly recommend the establishment of a similar forum that includes representatives from the Black community like the National Association for the Advancement of Colored People; National Association of Negro Business and Professional Women's Clubs; U.S. Black Chambers, Inc.; National Black Business Council, Inc; Black Business Association; Black Business and Professional Association; National Black Chamber of Commerce; and representatives of trade unions serving sectors in which Black people are primarily employed.

2.4. Third, the U.S. government should engage with Black businesses that export or have export potential and interest. Black businesses are crucial to the U.S. because they close employment and racial wage gaps and improve the livelihoods of Black families.²³ Engaging with and supporting these businesses, in addition to including them on trade missions, will go a long way in enhancing the societal as well as economic well-being of the Black community, and the country as a whole.

2.5. Finally, USTR can directly request input and engagement on U.S. trade and investment policy from, for example, think tanks; civil society organizations; academia (including HBCUs and

²⁰ Bolle, pp. 6-7.

²¹ Congressional Research Service, "Labor Enforcement Issues in U.S. FTAs", *In Focus* IF10972, updated March 23, 2023, available at: <https://sgp.fas.org/crs/row/IF10972.pdf> (accessed August 3, 2023).

²² USTR, "2023 Trade Policy Agenda and 2022 Annual Report of the President of the United States on the Trade Agreements Program", 2023, p. 127, available at: <https://ustr.gov/sites/default/files/2023-05/2023%20Trade%20Policy%20Agenda%20and%202022%20Annual%20Report%20FINAL.pdf> (accessed July 23, 2023) (hereinafter USTR 2023).

²³ McKinsey & Company, "Building supportive ecosystems for Black-owned US businesses", October 2020, p. 2, available at: <https://www.mckinsey.com/industries/public-sector/our-insights/building-supportive-ecosystems-for-black-owned-us-businesses> (accessed August 2, 2023).

community colleges in Black-majority areas); civil, human rights, and faith-based organizations; and other organizations, like BPIA, that represent the interests of Black people in the U.S.

2.3 Question 3: How can trade policymaking better respond to the specific interests of different U.S. regions and local communities?

2.1. The key to including the majority of Black people in U.S. trade and investment policy is by targeting areas where the majority of Black people live in the U.S. According to the 2020 U.S. Census, 56% of Black people live in the southern states. In addition, the following states also have large populations of Black people: California, Maryland, New Jersey, New York, and Ohio. Furthermore, cities such as New York, Atlanta, the DMV (Washington D.C., Maryland, Virginia) area, Chicago, and Philadelphia are home to a total of over 10 million Black people. Many of the previously mentioned states and cities such as Detroit, Chicago, Pittsburgh, New York, and Cleveland were hardest hit by U.S. trade policy.²⁴ Therefore, targeting these areas and the Black-majority economic sectors will go a long way in addressing the core issues facing Black communities that have been affected by U.S. trade and investment policy.

2.2. We refer you to our response to Question 1 on how to engage with the Black community on U.S. trade and investment policy.

2.3. In the next section, we focus our responses to questions relating to the inclusion of underserved communities outside the U.S in U.S. trade and investment policy.

3 COMMENTS ON U.S. TRADE AND INVESTMENT POLICY ON BLACK PEOPLE OUTSIDE THE U.S.

3.1. In this section, we will address how U.S. trade and investment policy can be more inclusive in Africa and the Caribbean, regions that have large populations of Black people who are also represented in BPIA. For context, the following is a non-exhaustive overview of current trade and investment-related arrangements and initiatives between the U.S. and these two regions:

Africa:

- The U.S. currently has an FTA with one African country, Morocco,²⁵ but has been engaged in talks with Kenya since the Trump administration.²⁶
- The main vehicle for imports from Africa is under the Africa-specific preference scheme, the Africa Growth and Opportunity Act (AGOA).
- Other US-Africa economic initiatives include Prosper Africa, Power Africa, Partnership for Global Infrastructure and Investment, Build Together Campaign, U.S.-African Union Commission High-Level Dialogue, U.S. Government Support of African Continental Free Trade Area (AfCFTA), President's Advisory Council on Doing Business in Africa, U.S.-Cabo Verde Partnership Dialogue, Millennium Challenge Corporation, Digital Transformation with Africa (DTA), and United States Africa Development Foundation (USADF).²⁷
- The U.S. has bilateral investment treaties (BITs) with Rwanda, Mozambique, Tunisia, Congo, Egypt, Cameroon, the Democratic Republic of the Congo, and Senegal. The U.S.

²⁴ Public Citizen, p. 22.

²⁵ USTR, "Morocco Free Trade Agreement", available at: <https://ustr.gov/trade-agreements/free-trade-agreements/morocco-fta> (accessed July 24, 2023).

²⁶ USTR 2023, pp. 16-17.

²⁷ See The White House, "U.S. Strategy Toward Sub-Saharan Africa", August 2022, available at: <https://www.whitehouse.gov/wp-content/uploads/2022/08/U.S.-Strategy-Toward-Sub-Saharan-Africa-FINAL.pdf> (accessed August 4, 2023); The White House; "Fact Sheet: U.S. - Africa Partnership in Promoting Two-Way Trade and Investment in Africa", December 14, 2022, available at: <https://www.whitehouse.gov/briefing-room/statements-releases/2022/12/14/fact-sheet-u-s-africa-partnership-in-promoting-two-way-trade-and-investment-in-africa/> (accessed August 4, 2023); and USTR, "2022 Biennial Report on the Implementation of the African Growth and Opportunity Act", June 2022, available at: <https://ustr.gov/sites/default/files/files/reports/2022/2022AGOImplementationReport.pdf> (accessed August 4, 2023) (hereinafter USTR 2022).

also has Trade and Investment Framework Agreements (TIFAs) with South Africa, Nigeria, Algeria, Common Market for Eastern and Southern Africa (COMESA), West African Economic and Monetary Union (WAEMU), Mozambique, Rwanda, Mauritius, Liberia, Southern African Customs Union (SACU), East African Community (EAC), Angola, Libya, and ECOWAS. With Ghana and Egypt, the U.S. has concluded Investment Development Agreements and the FTA with Morocco has an investment chapter.²⁸

Caribbean

- The U.S.'s preference scheme for the Caribbean is the Caribbean Basin Initiative (CBI), which comprises five programs: (i) Caribbean Basin Economic Recovery Act (CBERA); (ii) U.S.-Caribbean Basin Trade Partnership Act (CBTPA); and the three Haiti-specific schemes: (iii) Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006 (HOPE); (iv) Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008 (HOPE II); and (v) the Haiti Economic Lift Program of 2010 (HELP).²⁹
- Other initiatives include the U.S.-Caribbean Partnership to Address the Climate Crisis 2030 (PACC 2030).³⁰
- The U.S. has BITs with Trinidad and Tobago, Jamaica, Haiti, and Grenada and a TIFA with CARICOM states.³¹

3.2. BPIA considers laudable the initiatives adopted to ensure that U.S. trade and investment policy with Africa and the Caribbean is inclusive and promotes sustainable development. BPIA proposes the supplementary actions detailed below in response to three questions provided in the Federal Register Notice.

1.1 Question 1: What meaningful and substantive trade policies, actions, or provisions should policy and decision makers consider that would advance racial and gender equity, equality, and empowerment in U.S. trade and investment policy? If applicable, what existing tools can be better utilized for these goals?

3.3. The U.S. government should also consider an overall policy of "inclusion by design" in U.S. trade and investment policy with Africa and the Caribbean. These two regions are home to some of the most vulnerable and racially excluded populations in the world. Therefore, the U.S.'s engagement with these regions necessarily raises issues of equity, equality, and empowerment across the respective societies. Consequently, unless otherwise mentioned, we recast our response to this question to address issues of sustainable development in Africa and the Caribbean.

3.4. First, with respect to any proposed trade or investment agreement or policy, USTR should conduct an ex-ante impact assessment on the partner African or Caribbean economy/economies. Key in these regions are impacts on women and women-dominated industries like agriculture and the service industries and impacts on the environment and climate change. If the impact of a possible trade or investment agreement or policy will be negative, the U.S. could reconsider the agreement or policy or use funds from some of the programs it has established in Africa and the Caribbean to assist specific countries or the region to adjust to the trade/investment competition-related impacts.

3.5. The U.S. government could also conduct impact assessments before adopting a trade policy measure. For example, the tariffs on steel and aluminum under Section 232 of the Trade Expansion

²⁸ United Nations Conference on Trade and Development, "Investment Policy Hub: United States of America", available at: <https://investmentpolicy.unctad.org/international-investment-agreements/countries/223/united-states-of-america> (accessed August 4, 2023) (hereinafter UNCTAD).

²⁹ USTR 2023, pp. 38-39.

³⁰ The White House, "Fact Sheet: Vice President Harris Launches the U.S.-Caribbean Partnership to Address the Climate Crisis 2030 (PACC 2030)", June 9, 2022, available at: <https://www.whitehouse.gov/briefing-room/statements-releases/2022/06/09/fact-sheet-vice-president-harris-launches-the-u-s-caribbean-partnership-to-address-the-climate-crisis-2030-pacc-2030/> (accessed August 4, 2023).

³¹ UNCTAD.

Act of 1962 that were adopted in March 2018. Despite requests from the South African government,³² South Africa did not qualify for tariff exclusions while economically stronger countries like Argentina, Australia, Brazil, Canada, the EU, Mexico, and South Korea did.³³ At the time, South Africa's exports accounted for about 1-2% of total U.S. aluminum and steel imports.³⁴ This low figure represented a significant amount to the South African economy. Although South Africa obtained product exclusions later, it did not qualify for a country exemption.³⁵ Therefore, in cases where exports from African or Caribbean countries are low and would not cause a security threat, the U.S. could exempt those products from these types of measures, especially if those products are AGOA or CBI eligible. Adopting these exemptions would be similar to *de minimis* exemptions the U.S. systemically makes for developing-country imports in trade remedies investigations and enforcement measures.

3.6. Second, the U.S. government should further support AGOA and CBI benefits utilization. U.S. total goods imports under AGOA (including GSP) totaled \$6.7 billion in 2021 compared to \$8.4 billion in 2019. This decline was mainly the result of the lower value of oil imports. However, non-oil imports under AGOA, a major source of new investment and jobs, increased during this period to \$4.8 billion in 2021 from \$3.8 billion in 2019. While South Africa is the main beneficiary of AGOA and exports several diverse products, the main export to the U.S. remains crude oil from Nigeria, Ghana, and Angola.³⁶ The U.S. can use the relevant programs it has initiated in Africa to support AGOA utilization by supporting economic diversification and exports of high-quality diverse African products to the U.S. (and ultimately other countries). The U.S. can also support AGOA-eligible countries that are behind with their AGOA utilization strategies to develop them. We note and welcome the U.S.'s support of the 16 AGOA-eligible countries with their AGOA utilization strategies.³⁷

3.7. Moreover, in 2022, total imports under CBI were \$754 million, down from \$1.2 billion in 2020, and accounted for only 6.5% of total U.S. imports from Caribbean Basin countries. This means that the vast majority of exports from the Caribbean to the U.S. are out of preference. Energy products like petroleum and methanol from Trinidad and Tobago and Guyana made up 64% of these imports. Moreover, apparel imports from Haiti accounted for 15% of US imports under CBI. The top three beneficiaries of CBI are Trinidad and Tobago, Haiti, and Guyana.³⁸ A main challenge is the lack of CBI awareness. A large portion of otherwise CBI-eligible products are not claimed under the preference scheme.³⁹ The U.S. could implement a program similar to the one implemented in Africa to formally support Caribbean governments with CBI utilization strategies and CBI awareness raising.

3.8. Third, the U.S. should update its current International Investment Agreements, including BITs, with African and Caribbean countries to reflect the provisions in newer generation investment agreements, which include good governance, sustainable development, climate change, technology transfer, and investor obligations.⁴⁰ In this vein, the U.S. government must hold U.S. companies accountable for their conduct in Africa and the Caribbean, including under the Foreign Corrupt Practices Act. The U.S. could also support African and Caribbean countries to become less dependent

³² South African Government, "Trade and Industry on Section 232 Duties by United States", March 23, 2018, available at: <https://www.gov.za/speeches/trade-and-industry-section-232-duties-united-states-23-mar-2018-0000> (accessed August 4, 2023) (hereinafter SA Government).

³³ Marin Weaver, "Section 232 and 301 Trade Actions in 2018", USITC, available at: https://www.usitc.gov/research_and_analysis/trade_shifts_2018/special_topic.htm (accessed August 4, 2023).

³⁴ SA Government.

³⁵ Department of Trade and Industry, South Africa, "South Africa Welcomes Product Exclusion for Some Steel and Aluminium Products from the Section 232 Duties", October 25, 2018, TRALAC, available at: <https://www.tralac.org/news/article/13621-south-africa-welcomes-product-exclusion-for-some-steel-and-aluminium-products-from-the-section-232-duties.html> (accessed August 4, 2023).

³⁶ USTR 2022, pp. 10-11.

³⁷ USTR 2022, pp. 11-12, 89.

³⁸ USTR, "Fourteenth Report to Congress on the Operation of the Caribbean Basin Economic Recovery Act", December 21, 2021, pp. 21-22, available at: <https://ustr.gov/sites/default/files/files/reports/2021/2021CBIReport.pdf> (accessed August 4, 2023) (hereinafter USTR CBI).

³⁹ USTR CBI, p. 26.

⁴⁰ See, for example, "Draft Protocol to the Agreement Establishing the African Continental Free Trade Area on Investment", available at: https://www.bilaterals.org/IMG/pdf/en_-_draft_protocol_of_the_afcfta_on_investment.pdf (accessed August 4, 2023).

on imports of essential medical products. The COVID-19 pandemic left many countries without access to these products, including vaccines. The U.S. government could create tax and other incentives for U.S. pharmaceutical companies and manufacturers of other medical products to establish production centers in Africa and the Caribbean and facilitate the necessary technology and knowledge transfer, capacity building, and investment in health-related sectors in those regions.

3.9. Fourth, the U.S. government should ensure activities related to initiatives like PACC 2030, Power Africa, Prosper Africa and USADF, that seek to engage and empower local companies, indeed involve local companies, including and especially local SMEs operating in these sectors. This will ensure project sustainability, local investment, and the incorporation of local expertise. Projects that relate to infrastructure or climate change have the potential to fundamentally change how local populations live. It is thus crucial that local industries take charge of their own futures and learn how to tailor the projects for the domestic market and local needs and become profitable.

3.10. Finally, the U.S. could consider taking steps to exclude countries from AGOA or CBI as a result of a failure to protect workers' rights or eliminate child labor, which are eligibility criteria under both preference schemes. So far, no African or Caribbean country has been excluded from these preference schemes because of a failure to comply with either requirement, even though the U.S. government is aware of countries that do not meet the minimum standards.⁴¹ While these regions have taken steps to improve work conditions, there are still grave violations of workers' rights and child labor is used in unsafe environments, especially in Africa.⁴² To address the capacity issues that might prevent compliance in some countries, the U.S. could consider establishing capacity building/technical assistance programs to support the implementation of laws upholding workers' rights and eliminating child labor. If, after a reasonable period of time of completing the program, an AGOA or CBI beneficiary still engages in grave violations of workers' rights or fails to take adequate steps to eliminate child labor, the US could consider excluding that country from the relevant trade preference scheme. By withdrawing, or at least threatening to withdraw trade preferences because of these violations, the U.S. could improve the lives of marginalized communities, including women, children, the disabled, religious minorities, and those facing racial discrimination in the workplace in these regions.

3.2 Question 2: Are there specific engagement and consultation considerations and/or processes that policy makers should consider in incorporating equity into U.S. trade and investment policy?

3.1. Due to lack of resources and capacity, African and Caribbean countries do not adequately consult with internal stakeholders before negotiating trade and investment agreements. This results in countries undertaking trade and investment commitments that are detrimental to their domestic industries or domestic friction because of inadequate domestic consultations.

3.2. Thus, as part of the impact assessment discussed above, USTR could solicit comments from all interested parties to submit brief comments (like this one) to provide any inputs on any trade/investment policy or agreement that it wishes to enter with any African or Caribbean country. This would allow relevant stakeholders, including diaspora organizations, think tanks and academic institutions, to express concerns about the potential negative impacts of the proposed agreement or policy from an equity perspective.

3.3. Moreover, the U.S. could explore with African and Caribbean governments ways to strengthen research activities and domestic consultations *before* engaging in international trade negotiations. This will have a widespread effect on Africa and the Caribbean's ability to engage in trade negotiations, not only in bilateral fora but at multilateral fora like the WTO and regional platforms like the AfCFTA and CARICOM.

⁴¹ See USTR CBI.

⁴² See, International Trade Union Confederation, "Global Rights Index 2023", available at: <https://www.globalrightsindex.org/en/2023/regions/africa> (accessed August 4, 2023) and International Labour Organization, "Child Labour in Africa", available at: <https://www.ilo.org/africa/areas-of-work/child-labour/lang-en/index.htm#:~:text=Africa%20has%20the%20largest%20number,to%20have%20stalled%20in%20Africa> (accessed August 4, 2023).

3.3 Question 3: What key actions should the U.S. Government pursue with trade partners and allies to ensure that the benefits from trade and investment policy reach underserved communities?

3.1. The U.S. government can further and more intentionally target projects and initiatives that seek to improve the lives and livelihoods of women and youth in Africa and the Caribbean.

3.2. Improving gender equality results in real advances in economic development and sustainability.⁴³ Women's economic participation accelerates economic development; reduces poverty and gender inequality; and improves children's nutrition, health, and school attendance. This is because women typically invest a higher proportion of their earnings in their families and communities than men.⁴⁴ Due to limited opportunities in the formal sector, Africa is the only region in the world where women are more likely to be entrepreneurs than men. In the non-agricultural sectors, 58% of entrepreneurs and 45% of employers are women.⁴⁵ In the Caribbean, although women comprise 59% of the informal sector, they only account for 8% of formal businesses.⁴⁶ Women entrepreneurs from both regions face the same challenges, including smaller businesses, fewer employees, lower average sales, and less value added. Like in other places around the world, the performance of African and Caribbean women-owned businesses is affected by gender-specific constraints like restrictive societal norms and stereotypes, the risk of gender-based violence, gaps in education and skill, lower access to finance, limited networks and access to information, and time constraints due to disproportionately high household or childcare responsibilities.

3.3. The U.S. government can partner with governments in both regions, including through the initiatives and programs that have already been established, to target and support women entrepreneurs. For example, the U.S. government can improve better supply chain integration of women entrepreneurs by requiring that a certain percentage of project inputs must be sourced from women-owned businesses. The U.S. government could require the involvement of women in key areas of the project or even allocate a certain portion of the project funding or activities to ensure the participation of women entrepreneurs, especially in more technical fields. The U.S. government could also institute monitoring and evaluation requirements in each project, and even condition some aspects of project continuation on the performance of African and Caribbean governments in enhancing women entrepreneurship. We welcome the U.S. government's launch of Global Initiatives on the Economic Empowerment of Women. We are thrilled about the potential impact of these initiatives on the lives of African women and the African continent. We therefore urge the U.S. government, to the extent that it has not done so, to include the Caribbean region and Caribbean women in these programs.

3.4. Moreover, both the Caribbean and Africa have young populations. Africa is home to the youngest and fastest-growing population in the world, with 70% of all Africans under the age of 30.⁴⁷ In the Caribbean, 60% of the population is under 30.⁴⁸ In 2022, the average unemployment rate of youth between 15-24 in the Caribbean was 18.8%.⁴⁹ These figures range from 2% in St.

⁴³ Ata Can Bertay, Ljubica Dordevic and Can Sever, "Gender Inequality and Economic Growth: Evidence from Industry-Level Data", IMF Working Paper WP/20/119, 2020, available at: <https://www.imf.org/en/Publications/WP/Issues/2020/07/03/Gender-Inequality-and-Economic-Growth-Evidence-from-Industry-Level-Data-49478> (accessed August 4, 2023).

⁴⁴ OECD, "Investing in Women and Girls: The Breakthrough Strategy for Achieving All the MDGs", 2010, p. 5, available at: <https://www.oecd.org/dac/gender-development/45704694.pdf> (accessed August 4, 2023).

⁴⁵ The World Bank, "Profiting from Parity", 2019, p. 29, available at: <https://openknowledge.worldbank.org/server/api/core/bitstreams/fc71f257-f7c7-5c22-b0e2-8809955bb650/content> (accessed August 4, 2023).

⁴⁶ UN Women, "Afro-Descendant Women Entrepreneurs Benefit from Business Development Bootcamp in Jamaica", December 15, 2022, available at: <https://caribbean.unwomen.org/en/stories/press-release/2022/12/afro-descendant-women-entrepreneurs-benefit-from-business-development-bootcamp-in-jamaica> (accessed August 4 2023).

⁴⁷ United Nations, "Young People's Potential, the Key to Africa's Sustainable Development", available at: <https://www.un.org/ohrills/news/young-people%E2%80%99s-potential-key-africa%E2%80%99s-sustainable-development> (accessed August 4, 2023).

⁴⁸ CARICOM, "Who we are", available at: <https://caricom.org/our-community/who-we-are/> (accessed August 4, 2023).

⁴⁹ The World Bank, "Unemployment, Youth Total (% of Total Labor Force Ages 15-24) (Modeled ILO Estimate) - Caribbean Small States", April 25, 2023, available at:

Kitts and Nevis⁵⁰ to 40% in St. Lucia.⁵¹ Although the unemployment rate for the same age group in Africa was at 12.7% in 2022,⁵² there are dramatic country variations. Youth unemployment in Niger and Burundi is 0.7% and 1.6%, respectively, this figure is 49.8% in Eswatini and 51.5% in South Africa.⁵³ Even if employed, Africa's youths are generally considered "working poor" because of low wages.⁵⁴ For both regions, unemployment among young women is higher. Africa's high youth unemployment, irregular immigration by young Africans seeking better opportunities, the looming aging population crises in many Western countries, and the high demand for digital skills globally could all be addressed by providing remote work opportunities to Africa's youth via the Internet. However, collective action is needed to invest in regulatory, capacity, and digital infrastructure, including electricity and digital skills.⁵⁵ Remote digital work could more immediately address youth unemployment in the Caribbean. This region has better infrastructure (including access to electricity), Internet penetration, and is better educated than Africa.⁵⁶

3.5. As the U.S. government has already established DTA and similar programs. A generous portion of the pledged funds could be allocated to digital literacy and digital skills training for women and youth. Women and youth entrepreneurs could also be supported to establish an online business presence to expand their market reach and increase profits. Similar digital inclusion initiatives could be implemented by the U.S. government in the Caribbean. Additional attention should be paid to enhancing the training of women and youth on intellectual property rights and protection to empower them to benefit from and participate fully in the knowledge-based economy.

4 CONCLUSION

4.1. BPIA thanks USTR for the opportunity to provide these comments. We are ready to provide additional support to USTR to enhance the socio-economic opportunities available to the Black community that can be unlocked by an inclusive and responsive US trade and investment policy.

<https://data.worldbank.org/indicator/SL.UEM.1524.ZS?locations=S3> (accessed August 4, 2023) (hereinafter WB Caribbean Youth Unemployment).

⁵⁰ OECS Commission and UNICEF, "Youth Unemployment in Barbados and the OECS Area: A Statistical Compendium" 2020, p. 5, available at: <https://www.unicef.org/easterncaribbean/media/2976/file/Youth%20unemployment%20in%20OECS.pdf> (accessed August 4, 2023).

⁵¹ WB Caribbean Youth Unemployment.

⁵² International Labour Organization (ILO), "Global Employment Trends for Youth 2022: Africa", available at: https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/briefingnote/wcms_853322.pdf (accessed August 4, 2023).

⁵³ The World Bank, "Unemployment, Youth Total (% of Total Labor Force Ages 15-24) (Modeled ILO Estimate) - Sub-Saharan Africa", April 25, 2023, available at: <https://data.worldbank.org/indicator/SL.UEM.1524.ZS?locations=ZG> (accessed August 4, 2023).

⁵⁴ ILO, "Youth Unemployment in Africa", available at: <https://www.ilo.org/africa/areas-of-work/youth-employment/lang--en/index.htm> (accessed August 4, 2023).

⁵⁵ See, Patricia Monthe, "3 Ways Africa Needs To Adapt To The Era Of Remote Working", March 22, 2022, World Economic Forum, available at: <https://www.weforum.org/agenda/2022/03/3-ways-africa-remote-working/> (accessed July 28, 2023); Brookings Institution, "Harnessing Africa's Youth Dividend: A New Approach for Large-Scale Job Creation", available at: https://www.brookings.edu/wp-content/uploads/2019/01/BLS18234_BRO_book_007_CH3.pdf (accessed July 28, 2023); African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development and Inter-American Development Bank, *The Future of Work: Regional Perspectives*, Washington D.C.: Inter-American Development Bank, pp. 29-32; and Charles Kenny and George Yang, "Can Africa Help Europe Avoid its Looming Aging Crisis?" Center for Global Development Working Paper 584, available at: <https://www.cgdev.org/sites/default/files/can-africa-help-europe-avoid-looming-aging-crisis.pdf> (accessed July 28, 2023).

⁵⁶ World Bank data indicates that 70% of Africans and 92% of Caribbean people have completed primary education.