THE BROOKINGS INSTITUTION

THE AFRICA GROWTH AND OPPORTUNITY ACT:
LOOKING BACK, LOOKING FORWARD

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PARTICIPANTS:

OPENING PLENARY:

Introduction and Moderator:

MWANGI S. KIMENYI
Senior Fellow and Director, Africa Growth Initiative
The Brookings Institution

Featured Speakers:

AMBASSADOR RONALD KIRK
United States Trade Representative

HIS EXCELLENCY ERASTUS MWENCHA
Deputy Chairperson
The African Union

KEYNOTE ADDRESS: CAPTURING OPPORTUNITY IN AFRICA - AGOA AND THE DEVELOPMENT AGENDA:

Welcome:

MWANGI S. KIMENYI
Senior Fellow and Director, Africa Growth Initiative
The Brookings Institution

Introduction:

WILLIAM J. ANTHOLIS
Managing Director
The Brookings Institution

Keynote Speaker:

PRESIDENT BILL CLINTON
Founder, William J. Clinton Foundation
42nd President of the United States

PANEL DISCUSSION: STRENGTHENING AGOA AND DEEPENING COMMERCIAL TIES BETWEEN THE U.S. AND AFRICA:

Introduction and Moderator:

WITNEY SCHNEIDMAN
Nonresident Fellow
The Brookings Institution

Panelists:

ABDOULIE JANNEH
Under-Secretary General
United Nations Economic Commission for Africa

THE HONORABLE HANNA TETTEH
Minister of Trade
Republic of Ghana

ROSA WHITAKER
President and Chief Executive Officer
The Whitaker Group

STEPHEN HAYES
President and Chief Executive Officer
Corporate Council on Africa

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P R O C E E D I N G S

MR. KIMENYI: Distinguished panelists, the AU delegation, honorable cabinet ministers from Africa, your Excellencies, ambassadors, all distinguished guests, ladies and gentlemen -- my name is Mwangi Kimenyi. I'm a Senior Fellow here, and the Director of the Africa Growth Initiative at Brookings.

I take this opportunity to welcome you to Brookings, and specifically to this event organized by the Africa Growth Initiative, focusing on the Africa Growth Opportunity Act. It is the Act which remains the most important legislation defining the U.S.-Sub-Saharan Africa relations.

A primary objective of the Africa Growth Initiative is to articulate African voices in policy debates here in Washington. It is therefore my great pleasure to welcome you to this forum.

Last year, the Africa Growth Initiative had the opportunity to make a presentation at the U.S. Congress, and this event -- that event was hosted by the late Congressman Donald Payne. Congressman Payne was a true champion for Africa, and a firm advocate for AGOA. He served Africa well, and it would be appropriate that we take a brief moment of silence to honor the late Don Payne.

(Moment of silence.)

MR. KIMENYI: Okay. Thank you very much.

Before I introduce our distinguished panelists, let me make a few, but critically important, announcements.

The first one -- this is a public forum. Everything you say is recorded. So you'd better stand on your record.

Please put your cell phones off, or on silence, if you have to. And I would appreciate if you would do that now. And we would like to at least have no phone conversation.

For those following us on webcasts -- this even is on webcast -- the twitter hash tag is #AGIAGOA. And we have someone who will be responding to this. So it's #AGIAGOA.

Now, as you know, we are privileged to have President Clinton joining us for the next session. In this connection, by the end of this session, all must remain seated -- in this room, and also on the upper floor space. This is requested by the U.S. Secret Service, and therefore please do not move. Remain seated.

And also, when Ambassador Kirk will be leaving -- I will be introducing him soon -- please remain seated as he exits from this door. I appreciate your cooperation in advance.

It's now my great pleasure to introduce the panelists. Of course, these are distinguished panelists with very long bios, so I have begged to abbreviate their long bios so that we have more time to talk, and I will start with Ambassador Kirk.

Ambassador Ronald Kirk is the United States Trade Representative, USTR. He is a member of President Obama's Cabinet, and serves as the President's principal trade advisor, negotiator, and spokesman on all trade issues. Ambassador Kirk has directed the USTR's market opening agenda through negotiations with trading partners around the world. These initiatives include working to conclude and advance bilateral trade agreements with Korea, Colombia, and Panama, and advancing the ambitious regional trans-Pacific partnership talks, and sustaining serious U.S. engagement in the Doha Round.

Ambassador Kirk brings both public service and private sector experience to STR. He served two terms as the first African-American Mayor of Dallas. Prior to becoming Mayor, he served as Texas' Secretary of State under Governor Anne Richards.

So, welcome, Ambassador Kirk, and we are looking forward to hearing from you.

And I will introduce the other speaker at the same time.

His Excellency Erastus Mwencha, my brother here, was elected Deputy Chairperson of the African Union Commission by the African heads of state and government in January 2008. Prior to this appointment, he had served as the Secretary General of COMESA for almost 12 years. During his time in COMESA, he oversaw the establishment of the COMESA Business Council that would provide platforms for the private sector to interface with government, and open opportunities for more sectoral and public-private sector partnerships, and the realization of the COMESA free-trade area. He later -- he was elected to serve as the interim chief executive for one year, and later served in the board as the deputy chairman for seven years.

Again, as I said, these are very comprehensive, very experienced people, and we are really honored to have you here. And I will invite Ambassador Kirk to make 10 minutes' comments, followed by Mr. Mwencha, and then we will open the floor to discussion. So, thank you very much.

Ambassador? (Applause)

AMBASSADOR KIRK: Well, good afternoon. Welcome to all of you. It is so good to see so many of my friends. This is beginning to feel more like a family reunion than it is an annual summit. But I am honored to welcome my fellow trade ministers, and other members of the delegations that are here to join us for this AGOA summit.

I want to start by thanking Mr. Kimenyi for his great work that he is doing here at Brookings, on or Africa Initiative. He has been wonderfully diligent in reaching out and inclusive to our staff at USTR. And we've had the privilege of working with him on this over the past 24 months. So, first of all, we thank you and Brookings for bringing us together, and hosting us. And I am always pleased to welcome my brother, His Excellency Erastus Mwencha, who is the Deputy Chairperson of the African Union, to join me on this podium. And I applaud him, if nothing else, for his stamina, because he flew in this morning, and told me he has been in meetings continuously since he got here.

And to those of you new to the audience, we welcome you. It is refreshing to see so many new -- and young faces, in particular -- here that are interested in helping us broaden our conversation around trade and investment between the United States and Africa.

Finally, I have to acknowledge as my ministerial colleagues affectionately refer to her, Sister Florie Liser, who is our Assistant U.S. Trade Representative for Africa, and one of the absolute most passionate advocates for this strengthened relationship. And, Florie, we appreciate you for your leadership.

I'm also pleased to see colleagues here from other members of the President's Cabinet, from Export-Import Bank, in particular, and so many others.

This opportunity to be a part of this conversation that Brookings is hosting is a wonderful opportunity for us to share part of President Obama's comprehensive approach to global development. Many of you know President Obama hosted the G-8 Summit at Camp David last month. What you may not know was, immediately prior to that, President Obama welcomed leaders from Ethiopia, Ghana, and

Tanzania, to announce a new partnership that we are working on relative to reducing hunger.

Speaking to the leaders at that time, President Obama said this: "True development involves not only delivering aid, but also promoting economic growth -- broad-based, inclusive growth that actually helps nations develop and lift people out of poverty. The whole purpose of development is to create conditions where assistance is no longer needed, where people have dignity, and the pride of being self-sufficient."

So, this week, it's against that framework that the United States is honored to be hosting our 12th annual AGOA forum. And, again, we welcome our African partners and friends to Washington, and look forward to very productive discussions about the future of our trade and investment relationship.

In keeping with our theme for this year of looking back and looking forward, I want to share a few thoughts on the original bold vision that AGOA's founders established 12 years ago. And I think it's wonderfully appropriate that following this panel, you'll be hearing from President Clinton, who had a very strong role in signing and bringing AGOA into life.

At a time when Africa's future was less bright, AGOA predicted that Africa would have extraordinary economic potential, and that it would be in not only Africa's interest, but in the interest of the United States to partner with African countries to use trade as an engine for economic growth.

I think, today, reports and analyses by the African Development Bank, the World Bank, and other prominent economic institutions, highlight Africa's substantial growth and rising position in the global economy. Over the past 12 years, AGOA has made an enormous difference for millions of Africans, and truly transformed the way the United States and Africa interact on trade and economic issues. Non-oil trade from Africa to the United States has more than tripled under AGOA, reaching a record $5 billion in 2011. At the same time, U.S. exports to Sub-Saharan Africa have more than tripled, as well, as Africans have sought more and more U.S. inputs, expertise, and joint venture partnerships.

Now, I think these trade figures translate into good jobs and higher incomes, not only in Africa, but also for American workers, as well -- demonstrating that increased trade with Africa is having a tangible impact on both sides of the Atlantic.

Now, to be absolutely sure the developmental premise of Africa remains strong by providing new market opportunities for African exports, especially of non-traditional and value-added products, AGOA has helped African firms become more competitive internationally. Similarly, AGOA has provided incentives and support for African economic reforms which have helped foster an improved business environment in many countries, and that have attracted investment and supported increased U.S. exports.

And AGOA has not only encouraged African leaders to strengthen trade relations with the United States, but also to develop and implement African-led solutions to the region's economic and political challenges.

I think these are just some of the many benefits that we've seen from AGOA thus far. But one of the most valuable aspects of our coming together in these annual sessions is to have an honest assessment of how we're doing -- what we've done well, but also, what we can do better. And I think, over the years, we've been honest enough to learn about some of the challenges that many of our African countries have faced as they sought to expand and diversify trade.

What we hear time and time again, though, is a fairly common theme, that many of our challenges from fully utilizing AGOA are related to infrastructure, transportation, regulatory obstacles, and the business environment. In particular, we've learned how important trade capacity-building and assistance can be to help African governments and firms identify and develop market opportunities under AGOA.

It's one of the reasons, when we convened last year in Zambia, that I announced at the Africa Forum, the United States would commit up to $120 million for the African Competitiveness and Trade Expansion Initiative, which funds regional trade hubs in Ghana, Botswana, and Kenya.

We are pleased with the results thus far, as we've seen these trade hubs provide critical assistance to many African businesses that had not previously considered entering the U.S. market before. With the help of the trade hubs, African entrepreneurs now attend trade shows; they're getting orders for everything from seafood from Mauritius, to hot sauce from Zambia, to footwear from Ethiopia, socks from Ghana, and jams and jellies from Swazi.

Another priority that we announced at the AGOA forum last year was the Obama administration's commitment to renewing Africa's third-country fabric provision, which sustains jobs for thousands of low-income women across Sub-Saharan Africa, and is currently set to expire at the end of September.

I want to take a personal moment and especially thank the representatives here of the diplomatic corps of the AGOA countries, who have traveled to Capitol Hill on numerous occasions, joining Representatives -- members of Congress, of the administration, of my office -- diligently making the case, the commonsense case, why it makes sense for Congress to act, and to act now, to extend this important provision. We understand how crucial the third-country fabric provision is for the survival of many of Africa's textile and apparel sectors, but also how important this is to U.S. businesses that import from many of these important businesses.

I've heard from my colleagues, not just at the State Department, but our leaders in Africa -- ambassadors, manufacturer, as well as U.S. buyers and retailers -- just how frustrated all of us are that this seems to be caught up in the politics of the moment. There is no reason from Congress to delay in approving this act and doing it now.

I want to make it plain: As soon as Congress acts to approve this, the President is ready to sign the third-country fabric provision into law.

Finally, I also want to speak to the announcement that we made last year that we would continue to work with you toward a seamless renewal of AGOA beyond 2015. We believe this is an important topic for our forum here in Washington, but I want to make it unequivocally clear that the Obama administration is eager and ready to work with Congress, and all of you, to develop additional ways that we can strengthen, that we can grow, and that we can diversify the U.S.-Africa trade and investment relation as we work towards this seamless renewal of AGOA beyond 2015. And we'll have more to say about this during the discussions in our AGOA forum.

Extending AGOA will help us to continue long-term trends in Africa toward greater shared prosperity, as well as increased opportunities for all.

Again, I welcome all of our colleagues here for this 12th forum. I'll look forward to seeing many of you, and visiting you in our bilateral discussions over the next several days. And I look forward to seeing some of you when I will visit Africa early next month, and have an opportunity to take my good friend Minister Tetteh up on her offer to come to Ghana firsthand, and witness all that they are doing.

So, welcome to all of you. We are thrilled to have you here. And I'm pleased to turn over the microphone to our honorable Deputy Director of the Union, and then we will be happy to take your questions.

Thank you. (Applause)

MR. MWENCHA: I'm deeply honored to speak after you, Ambassador Kirk. And I want to thank you for your statement that has captured salient features of what we, Africa, are anxious about.

We want to thank you because during your tenure as USTR representative, you have been to Africa, I think, four times, if I remember well. And each time, you've been present at this AGOA forum. And we also welcome your particular attention to the challenges that we face, and also in exploring opportunities that are unfolding under AGOA.

Honorable ministers from Africa, I want to thank you also for coming, again underlining and underpinning the importance that you attach to AGOA to individual countries, and to Africa as a continent. I see some of you have been at the forefront for many years, both from the U.S. and in Africa. I am tempted to mention a few of the names, like Whitney, and others, who were there when AGOA was being initiated and also conceived and promoted to become an act.

It is actually inspiring to know that President Clinton will be speaking here, because President Clinton is one person that we in Africa give a lot of credit for his coming to Africa, and looking at Africa in the '90s, and seeing that Africa was a gem in the making, even not gem at that time, and finally coming up with this provision of AGOA.

When that was happening, Africa had not started to grow in a resilient manner, as it has done in the last decade. Since 200, Africa has seen a real transformation, in the sense that we have sustained growth which is 5.5 percent and above, for the decade. Even when there was the global economic and financial crisis, Africa was the region that retained high growth rates amidst that turmoil.

Of course we know the current global economic scenario is worrying everybody globally, and we in Africa are also equally worried. We know that when it happened in the year 2008, 2009, Africa lost a number of jobs, particularly those that depended on exports. This is why we come here, to make sure that we can retool AGOA which, as Ambassador has underlined, has had tremendous impact on the continent, giving hope and opportunities to Africans to be able to lift people out of poverty.

But we also believe that, even on the other side of the continent, AGOA has had positive impact. Because when we look at exports from Africa, we see a two-way relationship that we would like to nurture and continue to promote in that manner.

Now, as you say, year after year when we meet, we not only celebrate the success of AGOA, but we use it as an occasion to look at the areas that require improvement.

First, on the success, you have underscored areas that AGOA has been able to fulfill -- create jobs, create employment in some key sectors in the continent that we have seen investment come in. And AGOA has also created trade, rising from $20 billion that was between Africa and Europe, to amend the U.S. to close to $90 billion last year.

Now, another celebration that is underrated is the fact that under AGOA we have this opportunity for us to meet as a forum between Africa and the U.S. to discuss matters of mutual interest on trade and investment. This is a unique forum that brings together not only policy-makers, but also the business community. And we see a strong appetite from both sides, Africa and the U.S., to the extent that even in the U.S. we now have Corporate Council on Africa that is the forefront of promoting Africa-U.S. relations. This is how it should be.

Equally important, as we see this, AGOA has also shown the rest of the world that the U.S. cares. Indeed, Africa still remains challenged, in terms of having state-of-the-art infrastructure, having quality products that can enter global markets and competitiveness, and Africa having the capacity for trade that you have so eloquently underlined.

It is in that regard that we would like to see those aspects of AGOA, that we would like to re-tool so that AGOA can continue to remain in the forefront of a tool between Africa and the U.S.

One of the challenges that we see is the fact that what you have just underscored, Ambassador Kirk, is that AGOA, although it's a bipartisan act through Congress, has to have this renewal period from time to time. And the fact, therefore, it does not give that confidence for long-term investment. Now, this is an aspect that we are so happy, especially the point that you mentioned, that we would like to see AGOA given a seamless extension.

The second aspect is the real challenge that is in Africa, the challenge for us to be able to be competitive, given the distance between Africa and the U.S. in the infrastructure aspect. This is, again, something we want to applaud you, because this year's theme of AGOA you have chosen to underscore the aspect of infrastructure and trade.

Africa, given the distance, cannot be able to compete with a number of would-be competitors to the U.S. And therefore, when you look at trade that's coming from Africa to the U.S., it is still very small, in terms of the U.S. total volume of trade. And because of that, we hope this message would also go to Congress, to indicate that Africa's trade is no threat to the U.S., and therefore it can only continue to support the

African continent to continue to grow so that Africa itself can be an important partner to the U.S.

If you look at the pattern of imports to the U.S., the consumer items that Africa gets from the U.S., they are on the rise because Africa is also rising, in terms of numbers, and in terms of diversity of products, looking at the spread from transport equipment to computers, and the rest, that Africa is now consuming -- Africa's policy being to try and get every child to have a computer. And we know the U.S. is on the cutting-edge of technology, where you would also benefit from the one billion people in Africa.

The third aspect that we would like to see looked at, particularly for the textile, is a decision that should be made quickly, because as we speak now, imports have already dried up from a number of countries. And, as you say, there is absolutely no reason why there should be a delay.

The amount, or the volume and the value of African exports to the U.S., even in textiles, is still very small -- less than 2 percent. This does not threaten the U.S. textile industry, except if you look at the other side, what it does. And, therefore, that little investment, which brings, or takes millions of people out of poverty, should be an important consideration in the U.S. Congress' moving forward in this area.

The third area is to have a mechanism for trading capacity, as you have indicated. For Africa, we want to sell quality products, particularly agricultural products to the U.S. that meet sanitary and phyto-sanitary. But if you look at the number of products that have been approved, even under the list of products that could come to the U.S. is far too little.

A mechanism that would enable both the U.S. to have capacity to expand that list quickly, but also, on the African continent, to be able to adapt to the U.S. standards.

Now, think about it. We have to meet standards that are European. We have to meet standards that are Japanese. We have to meet standards that are American. Now, for exporters, this is another area they would like to see a situation that we can have standards that do make it difficult for the private sector.

Now, Africa is also on the march when it comes to trade. This year our theme for the continent is "Boosting Intra-African Trade." And because of that, in January, the theme of the summit was "Boosting Intra-African Trade." Africa is also keen to promote integration.

So what we would like to see in the future of AGOA is AGOA that would not only boost an infrastructure for the continent, but also be aligned to Africa's own priorities, and that is boosting intra-African trade, value-addition within in the continent, but also to boost integration.

Now, this way, you will have a strong partner from Africa that can be able to trade more effectively, trade within itself, and also for global trade. We hope that during this 12th session of AGOA, we'll make progress in those two areas, first to ensure that we can have capacity for the U.S. private sector to come and to participate in Africa, especially in the infrastructure. And also for us to have an AGOA that is extended seamlessly, whereas looking at other alternatives that we could have in the future, but also to get Africa trade more with itself, with U.S. also benefitting with that, and also supporting integration.

I thank you very much. (Applause)

MR. KIMENYI: Okay. As they get wired, let me lay some ground rules.

One is that we are not going to accept speeches, (laughter) because we would like to get comments, direct to the point, so that we can accommodate as many as possible. I think that's fair to everyone.

I would also like to urge -- I know that there are a lot of meetings going on this week, particularly with the cabinet ministers and their counterparts, but at least here at Brookings, it's the only place that you can feel free to say what you won't say in those cabinet forums. So at least you can now speak your mind, and the best thing that you would have liked to tell Ambassador Kirk, or what you think can work. So -- very frank and open discussion.

So -- we have mics that will be going around, but I will take three questions at a time.

I know that one of the issues that everybody wants to ask is about the third-country fabric provision. I think they have talked about it. So we will not push him so much. So may I take some questions? Questions and comments -- and comments, brief comments.

Okay, we have a gentleman here.

And please introduce yourself, briefly, who you might be.

MR. SICHINGA: Thank you very much. My name's Bob Sichinga. I'm Minister of Commerce, Trade, and Industry, Zambia, outgoing chairman of the African Consultative Group.

I wish to take up the point that Ambassador Kirk has just made reference to, in terms of the third-country fabric. That's important for us. And we will push him far.

Under the circumstances, where we have had these delays, and we have this agreement coming to a close on the 30th of September, we do have in our midst countries that have already suffered from a drying up of the orders.

Do you think that the United States would have allowed the situation itself if it was in Africa's position, not to have this agreement in place and extended as we go towards this arrangement? And how do you think this is helping?

Because that's the one particular area that seems to show success -- okay? So we would like to find out how will proceed forward, in order that we do not suffer any more losses amongst the countries that are benefitting from this.

Thank you.

MR. KIMENYI: Two more questions before we answer.

I have a gentleman in the corner. There should be a mic there. Yes, those two gentlemen, in the corner.

SPEAKER: You have spoken about renewing AGOA. I was wondering, would renewing AGOA include kind of forms of enhancement to promote more integration, to provide more technical support, or to, you know, help deepen trade ties? Because it seems like the current AGOA, while useful, it seems like it needs to be expanded.

Is that currently in the administration's plans?

SPEAKER: The gentleman in the back. Again, if you could say your name so we know who you are. The one next to you.

MR. MARCHAND: My name is Greg Marchand. I'm the president of the American Chamber of Commerce in Zambia.

Thank you, Ambassador Kirk, for gracing us at our launch last year at AGOA. I'm also the chairman of the Coalition to Increase Investment and Trade to Africa.

The question is around a piece of legislation that is currently in subcommittee, around increasing jobs in the United States through exports to Africa. I think it's being supported by Senator Durbin out of Illinois.

The question is, what type of refinements can be made to this piece of legislation to make it move through Congress faster, and eventually be passed into act?

MR. KIMENYI: Okay. Very good. That's quite a bit.

Ambassador Kirk?

AMBASSADOR KIRK: Well, given the mood in Washington, I don't know that you can refine anything to make Congress move on it. And that's -- if it wasn't so important, particularly as it relates to the first question about third-country fabric, I mean, it would be laughable.

None of us -- I mean, as proud as we are of our having the oldest and, I think, the most successful democracy in the world, there are lessons to be learned, that allowing just raw politics and partisanship to have the corrosive effect that it can on our legislative process, we end up with a result where there is almost universal support in Congress, and understanding of the need, of the wisdom, of the benefit of renewing this third-country fabric, and the fact we needed it done in the spring, because business decisions are made now. I mean, I'm not proud of where we are, but -- and I don't like saying, you know, it's not our deal. But the ball's not in our hands.

If it was up to the administration, the President could do this by executive order, we would do it. But the bottom line, Congress has to act. We've had strong leadership and support in the House and the Senate, among members of the Black Caucus, your diplomatic corps, business groups -- I see numerous friends here representing our trade and advisory committee, the Committee on Africa.

We've all gone before Congress. I've gone before Congress. But we are regrettably in an election year, and I think there are some people that believe, you know, that partisan politics should trump things that make sense.

In this case, this helps the United States. This isn't some gift just to Africa. We are beginning to have an integrated market, in which U.S. businesses rely and source from Africa. And so we need that done.

And, Greg, on your point, I mean, I'm just not going to waste time on what we would do to refine it. We share much of the goals of what is expressed. In the creating jobs, I would make the case. The administration is already doing that. I mean, I share some of those, many of those goals.

I think we have the tools within AGOA -- and I will bleed over into -- you didn't identify yourself, addressing the young man -- that when we refine AGOA, I think that gives us an opportunity to look anew at what else we can do to strengthen and expand AGOA, and at least, thank God, we've got sort of a two-year or three-year window to get that done.

But the administration's going to move forward with doing things that make sense. And I don't want to, you know, get ahead of that. You'll hear more about what we plan on doing in greater specificity over the next several days.

Some of it will build on what we are already doing through the President's Developmental Initiative that he put in place two years ago. If you look at what we've done with many countries here, such as Zambia, and Ghana, and others, through our Partnership for Growth, I think it is a road map for how we think we can further integrate our economies and enhance Africa's competitiveness.

I mean, we can talk around this, but the tools for growth and enhancement and competitiveness in a global environment, we know. And the good news, there are enough examples among our AGOA countries that are taking the steps on governance, and anti-corruption, investing in their people, investing in their entrepreneurs, investing in their infrastructure, diversifying from just non-oil. And they're seeing their economies grow.

We don't have to reinvent the apple. But we can speed the integration of the regional economies, which -- you heard the Deputy Director speak -- the African

Union's doing. We can do more to empower our small and medium-sized businesses. All of things, I think, will help us drive trade and investment in an upward trajectory.

But the administration's going to be as creative and aggressive as we can. But I would say again, we are eager and hopeful that Congress will move, particularly on this third-country fabric, because it is critical now. Businesses are making sourcing decisions now. And there are literally millions of jobs and lives that are going to be impacted by this, if we can't get this resolved in an efficient manner.

MR. KIMENYI: Thank you very much.

Mr. Mwencha, would you comment on what would you like to see on the enhancement of AGOA? What specifically would you want to see included, particularly to support regional integration?

MR. MWENCHA: You have just underscored one of them.

AGOA, as it is at the moment, the biggest challenge is the fact that, as we said earlier on, does not give that investment and long-term stability for it. None of the investments -- if you're going to talk of value-addition, and investing in manufacturing, these are long-term investments, which require more than just a couple of years, and renewal all the time. And look at the challenges we're having with this renewal.

So that stability is extremely important, to give it to AGOA.

Now, the second aspect, of course, is having instruments within AGOA. If you look at the textile sector, because has innovative instruments, it has been able to have impact. And that has already been very well stated. We could think of -- and Africa has identified a number of areas. I mean, we're talking of infrastructure. What kind of instruments can we give, for U.S. investors to come and invest? We have a huge gap for infrastructure in Africa. And we are also encouraging PPP.

Now, those are a couple of things we can kick around, how we can do that.

And the third point that we see is really that capacity. Because this is a technical, but which pays off -- and you're not talking of a huge investment, but the returns are big.

I visited a group of women in Rwanda who was exporting products to the U.S. And when they came up here to -- first of all, these women would never have known even there is a market in the U.S., except for that fact that somebody assisted them, to give them air ticket, to come and identify what the U.S. trade regulations are like, to go back and help them to form groups, and then understand the intricacies of trade. And they started exporting.

Now, when you go back, they tell you they have seen themselves now they can pay fees, they have money to have that house, they can have money for hospital. Now, that is what you mean by lifting people. And that is the technical aspect of it that we would also like included.

MR. KIMENYI: Thank you very much.

Let me take another round.

I can see my minister there, from Kenya.

MR. WETANGULA: Thank you, Mr. Kimenyi. My name is Moses Wetangula, Trade Minister, Kenya.

Ambassador Kirk, I will not tire repeating third-country fabric. Do you see it being renewed in the remaining three months?

We know what you have said. We appreciate that.

Number two, we have a lot of infrastructure development going on in Africa. And your country, the U.S., has very strong private sector, very ambitious, very forward-looking. We called your country the "land of the profit margin." We were told, in Africa, as well, they are making profits.

How come we don't see your private sector participating in competition for infrastructure programs in Africa? Energy programs, roads, rails, new harbors, and so on?

The last one -- we're encouraging small and medium enterprises to grow in Afghanistan. You are a huge market. But the big problem I see, particularly in my country, accession to visas to visit your country by our business people is extremely difficult. And even where it is given, it's extremely expensive. It wipes away even the little profit that those women, and the young entrepreneurs, will make in the businesses they are trying to undertake.

Is there anything you can do about that?

MR. KIMENYI: Thank you very much.

There was a lady right at the back. Right at the back, that lady at the back. Yes -- brief.

MS. SEGERO: Good afternoon, ladies and gentlemen. Happy to see you, Ambassador Kirk.

My name is Rosemary Segero. I'm from Kenya. I'm the president of Segeros International Group.

I want to say, me as a civil society and a businesswoman here in the U.S., we are trying very, very hard, with a wonderful organization here in Washington, D.C., like Manchester Trade, and others, going to the Hill every day to see that AGOA is passed. And, Minister from Kenya, yes, it's three months, but we are going to make sure it's done, because we are there every day, knocking on the doors, that this textile and apparel be passed.

The other thing is, Mr. Ambassador Kirk -- you know Africa? Africa has been called poverty, Africa has been called low-income, Africa has been called the corruption, and whatever.

I think when you go to Africa -- I want this to be known today -- women in Africa are the backbone of Africa. When AGOA is being extended, make sure women are on the forefront. Because women are the most hardworking women in Africa, compared to all these men that you see here today. (Laughter) But we appreciate they have come. (Applause)

MR. KIMENYI: Okay. That's nice. Thank you.

MS. SEGERO: How -- looking at textile and apparel, how is Africa going to compete with China, now that China is in Africa? Now they see an opportunity, and then they say "Africa."

How is it going to come there? And how can it benefit Africa, as owners, and to have ownership of textile and apparel, through AGOA?

Thank you.

MR. KIMENYI: Now, I'm going to be cutting you if you make a long speech.

Another one?

Let David -- David, over there. David, a brief one.

MR. CAPRARA: This is David Caprara of Brookings Global International Service.

Ambassador Mwencha, we met you in Nairobi with President Kibaki's Global Peace Convention a couple years ago. I have a question -- in our common interest of security across the pond, the recent flare-ups or hot-spots in the Horn of Africa, with Shabab, or Nigeria.

Is there a case to be made, with the Congress, and other global partners, that AGOA, and expanding this robust partnership with trade is part of the equation of dealing with some of these underlying challenges -- for example, the youth bulge -- in bringing up more young entrepreneurs in Somalia, in Kenya, and across the region? And I do bring you greetings from Dr. Manu Chandaria, founder of the East Africa Business Council, who is making this at the U.N., July 2nd, in Nairobi, at the conference there.

Thank you.

MR. KIMENYI: Thank you.

Okay, can you take --

AMBASSADOR KIRK: Why don't you take yours first, and then I'll --

MR. KIMENYI: Take the David question, and then you take minister from Kenya's question.

MR. MWENCHA: It was a question on -- peace and --

yes, but I think there was another question which was first, on China. I would start with that one, on China.

The point you raised is how is Africa going to compete with China? And that is a point we have already underlined under AGOA.

If you step back, five years ago and beyond, that is going backwards, Africa was entering the U.S. market because of quota-free aspects. And that is because Africa, if you look at the merchant -- I don't know what the tax is now in the U.S., the tax on textiles and apparel in the U.S. was about 17 percent. I don't know what it is at the moment. And because of that, the merchant, if you look at exports in the U.S. from the rest of the world, the competitiveness of Africa was on the aspect of quota-free.

Now, when that was removed, Africa had a sharp drop, in terms of exports to the U.S. But, over time, Africa has now been able to develop and gain the ground lost due to the MFN -- you know, the multifiber agreement. And so Africa now is able to compete. And, in fact, globally, it's very clear that Africa is the destination for investment.

China is also becoming now a high cost. And the studies that have been undertaken -- there was one that was done by the World Bank -- indicate that China is ready to give up something like 85 million jobs. And where is that going to be? The destination is Africa. Those same studies indicate that Africa has come of age. In a number of areas, Africa is now in the forefront. An example was given by Ambassador Kirk when he talked of the shoe industry in Ethiopia, for instance, is as good as you can get anywhere in the world.

And so Africa is ready now to start competing. And so Africa will be ready to compete with China, but China can also invest in Africa, because Africa has got the land for growing agricultural products, including those that would feed into their textile industry.

If you look at the land that is available in Africa -- 50 percent of the global land is in Africa. And any future growth, whether it's food or in agri-industries, it is Africa that is going to be the future.

Now, the point that you mentioned about peace and security is crucial for the continent. But to give you a short answer, Africa -- this is one area where Africa has invested a lot, and also the international community has helped a lot. It still remains a challenge.

But if you look over a period, 10 years ago you would have been having no less than 20, 15 active conflicts in the continent. Today, you're looking at four or five conflicts. They will never finish.

And the point that you linked trade to peace and security is important. I was reading *The Economist*, the current *Economist*, which talks about Afghanistan, and says if we can have trade, more trade, we will also have more peace. And that's why trade -- because you lift people, you create avenues for cooperation, and therefore you will reduce tensions, you make peace.

MR. KIMENYI: Thank you very much. I'm getting a bit nervous with the time.

AMBASSADOR KIRK: I'll quickly respond.

I mean, I don't know I can say any more strongly how committed we are to working to renew third-country fabric. We will do that.

But I also think, inherent in that, is the need for us to have a more honest discussion about diversification of exports to the United States, away from both oil and textiles. The reality is, because of the manner in which the United States operates our preference programs, they are non-reciprocal. So we ask nothing in return. But the number of countries that have the duty-free ability to send us textiles is fairly expansive.

And I think it behooves us, as we have seen the difficulties of some of our political challenges, to also look at the opportunity we have to maybe not put all of our eggs in a textile basket, because of the fact of something -- the minister, the director, said, Africa has so much more to play with. I mean, you have resources, you have land, you have -- I mean, one of the things that sticks in our craw, still, the utilization of what you could do under AGOA is still less than 10 percent. I mean, there are 90 percent of products that we do not export.

And you're here at a curious time -- and I can't help it, I'm a big sports fan -- we're in the middle of our NBA playoffs right now, between the Miami Heat and the Oklahoma City Thunder. And had I been a better basketball player, I wouldn't have been a trade minister. (Laughter) But my high school coach always had one simple philosophy, and he'd always say, “kid, you gotta take the open shot." He says, "You got a great heart, but you can stand under the bucket, I can turn off the lights in the gym, you're not gonna dunk. You're six foot one. It ain't gonna happen."

And, you know, it just feels like sometimes we all keep trying to force everything through the funnel of this textile bucket, when Africa has the ability to exploit and utilize so many other resources that other countries can't play in.

So I want to make it plain: We are going to work with you. We are going to solve third-country fabric. But I think there is a lesson to be learned here -- let's begin to develop products that other countries can't exploit.

And I want to say this about China, because it was instructive to me. And this has been a wonderful partnership, getting to know all of you. But I used to have a wonderful story I would tell American businesses about what it was like to go to Africa. And it was true. On my first AGOA forum, we came to Kenya. I then went to Ethiopia and Senegal, and I visiting with a bunch of ministers, and we were having a very spirited debate about the difficulties of doing business with the United States. And somebody defiantly told me, you know, "Whether it's you, or Secretary Clinton, you know, we get lectures about democracy, and corruption, and bribery. And we don't have to do any of this stuff, when we can do business with China." Because China comes with no strings attached, and China will -- you know, "Why should we not take the money from China, versus having to get a lecture from the United States about governance and stability?"

And three years later, when I come back, I'm hearing many of you say, "God, we need to do business with the United States." And I challenged the guy who made the statement to me -- when your country went through your independence, where did you choose to send your children to school? Where did you choose to send them to get their values and their education?

Long-term, there is no shortcut to building a sustainable society that does not have a solid, open democratic form of government, in which the people determine their future, and not the government. That has an environment that invites investment because of the rule of law, and stability. That understands that countries that invest in women and girls, as well as boys and men, have more boots on the ground, have more opportunities to grow and prosper.

And we can talk around it all we want -- and we'll be here again -- but those are the fundamental building blocks of a long-term, sustainable economy. That is the surest path to lift people out of poverty.

And AGOA is one of those tools that we can put many of those building blocks in place. And that's what I hope we will continue to work towards.

And, again, I say to you: this is not abstract. There are marvelous examples among you in this room now that are on that path, and whose economies are growing and prospering. And as to my sister who spoke so passionately -- as we say in the South, I can only say, "Amen." (Laughter) And thank you for what you continue to do. And we'll continue to work with all of you.

MR. KIMENYI: I think we have to --

AMBASSADOR KIRK: I think you've got another speaker.

MR. KIMENYI: Yes, we have another speaker. And the time.

So, let me take this opportunity -- I think we have another session after the next one, so we will have time to probably go deeper into some of the issues that started.

But I have to thank Ambassador Kirk for being candid, and being very positive about the third-country fabric provision. And hopefully it will be going through. Unfortunately, we don't have the Congress here, but we know you are trying.

AMBASSADOR KIRK: And I do want to say, we are working on the infrastructure and investment. We are talking to American businesses every day. And, again, in those countries where they find good governance, predictability, stability, security, you are seeing American investors readily move into Africa, they want to partner.

We saw it in Tanzania. Again, we're seeing it in Rwanda, we're seeing it in Ghana, we're seeing it in South Africa. We want to see it in all of your communities.

MR. KIMENYI: Thank you very much. And, Vice Chairman Mwencha, thank you so much. We'll be with you the rest of the afternoon, so we'll be interacting more. So, thank you very much.

May I ask that -- let's give them a clap. (Applause)

Now, may I please ask -- according to the instructions I have is that everyone has to remain seated. I don't know what's going to happen to the people at the back.

MR. KIMENYI: Thank you very much for your patience. And I welcome you again. My name is Mwangi Kimenyi and I'm a Senior Fellow and Director of the Africa Growth Initiative here at Brookings.

Again, I take this opportunity to welcome you to Brookings and specifically to this event that is focusing on the African Growth and Opportunity Act. This act remains the most significant legislation, defining U.S.-sub-Saharan Africa relations. And our primary objective of the Africa Growth Initiative is to articulate informed African voices in the policy debate here in Washington. It is, therefore, my good pleasure to welcome you to this forum.

I'm particularly delighted to welcome President Bill Clinton to this event and to the Africa Growth Initiative at Brookings. It is a great honor and is testimony to the importance that the President has continued to place on Africa.

To introduce the President, I call upon my colleague, Bill Antholis, who is the Managing Director of the Brookings Institution and also a Senior Fellow with

Government Studies. Dr. Antholis served in the government at both the White House and the State Department. Bill.

DR. ANTHOLIS: Good afternoon everyone. Welcome to Brookings. Brookings is really proud to have the Africa Growth Initiative under Mwangi's terrific leadership as a resource for all of us here and all of you as well. And we're particularly grateful to the Bill and Melinda Gates Foundation. And there is a very important connection to our featured speaker today; another former president, Sylvia Mathews Burwell, who just left the Gates Foundation not too long ago, helped make this possible. And obviously, those of you who know Sylvia know that you worked very closely with President Clinton on this issue.

So on behalf of Brookings, President Strobe Talbott, Chairman John Thornton who unfortunately could not be here today, and all of our trustees and staff, I'm very honored to welcome the distinguished trade ministers and ambassadors and other representatives from the official African delegation to the 11th Annual AGOA Forum.

And on behalf of all of us, obviously, it's a great pleasure and honor to welcome and host President Clinton, especially for me personally. I spent five years in the government working for President Clinton, both at the State Department and at the White House. And it was 15 years ago that I was first introduced to these issues in the planning for the Denver Summit of the Eight, which was because there were eight countries and in eight years of his term in office, President Clinton got to host one. And with all of the world's press and the leaders of the most important economies at that point assembled, the President chose to put Africa at the top of the agenda.

So if you can think back to 1997, Africa was first becoming an issue in the American public's mind, particularly the economy thanks to President Clinton and to very effective grassroots organizing. I remember in a Cabinet meeting leading up to that summit, Treasury Secretary Rubin was talking about how he had just met with a rock star who was committing himself to these sets of issues. And then he turned to Sylvia Mathews at the time and asked, “His name is Bono, right?” And there was great laughter because of the mispronunciation, and we all got to know Bono and his own commitment in that period and following year at the Birmingham Summit.

What I remember the most from those planning sessions was President Clinton’s tenacious commitment not just to debt relief and aid, but also to growth and opportunity. It was not just the idea of lending a helping hand to African nations, but allowing them to develop their own internal capacities to succeed. Moving AGOA forward in our Congress was not just important in and of itself, but it also sent a signal to other industrial countries that they had to put trade policy on an equal footing with debt and aid policy. And they had to extend to the poorest countries the same tools that had helped lift them out of the rubble of World War II.

At that point trade issues were quite contentious in the U.S. This was after the glow of the passage of NAFTA and in a period where trade negotiating authority was harder and harder. And despite those storm clouds, President Clinton persevered and worked across the aisle to provide solutions for Africa that incentivized trade, promoted investment, and created the prospects for growth. It was signature Bill Clinton. He brought together unusual coalitions, Democrats and Republicans, leaders from the business community, from development activists, and from faith-based organizations, and he made all of them feel like rock stars.

One year later in 1998, President Clinton visited Africa, meeting with the heads of state of six different African countries, the first trip to Africa by an American president in almost 20 years. Since that time he has returned to Africa ten times and ensured that the Clinton Foundation has made Africa a priority in its work, especially focusing on the importance of agriculture in individual livelihoods and the related and deeply pressing issue of climate change. His commitment to the development of the region is obvious, his understanding superb. And, of course, the crowning achievement during his presidency came on May 18, 2000, when he signed the Africa Growth and Opportunity Act into law.

So it is an honor to have President Clinton here today to discuss AGOA, both its achievement and his ideas on the potential for it in the years ahead. When the President is done speaking, we ask everyone to remain in their seats so that he is able to be escorted from the building, and then you all will be allowed to leave.

So please join me in welcoming President Bill Clinton.

PRESIDENT CLINTON: Thank you very much, thank you. Thank you very much. Thank you very much. Thank you, Mwangi. Thank you, Bill. Thank you, ladies and gentlemen for your interest in this and for coming. And I want to say a special word of appreciation to Bill for his service in the administration and his work at the G-8 summits in Denver and the next one in Birmingham in the U.K.

I was thrilled to be invited to come here and say a few words about AGOA because when we started looking at ways to support Africa and to build stronger partnerships in my first term as president, it was clear to me and to my Secretary of Commerce, Ron Brown, who took a leading role in this effort, that while aid was important and we should learn to do a better job of it and give more of it, it would never be enough. So we tried to fashion a policy in which aid and trade could reinforce one another, and in the process build a capacity of our friends in Africa to grow and develop on their own.

I did go to Africa for 12 days in 1998 to Ghana, Uganda, Rwanda, South Africa, Botswana, and Senegal, and by that time we were already really pushing AGOA. In 1998 Senator Lugar said an interesting thing about AGOA. He said it was one of those rare pieces of legislation that has not been inspired by dire crisis, imminent threat, or strong domestic pressure. It emerged from the realization that Africa has long been neglected and this neglect does not serve United States' interests. I was grateful for his support then, and I remain grateful for his support for AGOA today and that of the other Republicans who joined with the Democrats in passing the legislation.

So 12 years later, where are we? Well, in 1995 per capita GDP growth in sub-Saharan Africa was negative 1.1 percent. By the end of the decade, as African governments had put in place market-based policies and commodity prices improved, the regional growth rate had increased to 2.9 percent in 2001, AGOA's first year. I should also say that it was the first year of the Debt Relief Initiative, the Millennium Debt Relief Initiative, which was an attempt to merge trade and aid by saying that the countries that qualified could get debt relief, but only if the money went into education, health, or development.

So, between 2000 and 2008, average growth in Sub-Saharan Africa was about 5 percent. That actually understates the case.

In the last couple of years I was President, three of the fastest growing economies -- three of the five fastest growing economies on earth were African. In 2010, ten of the twenty fastest growing countries in the world were African countries, six of the ten fastest growing were African countries. So, I think it's clear that our willingness to more than triple our imports from Africa, to create hundreds of thousands of jobs that supported millions of people, was a good decision for the United States and for Africa.

The extreme poverty rate in Sub-Saharan Africa declined between 1998 and 2008 from 58 to 47 percent, life expectancy rose seven years, infant mortality dropped almost in half from 92 to 52 per thousand live births. However, if you look at how it began with the Millennium Debt Relief Initiative and with AGOA, if you look at how much has been learned about how to do aid and how to do aid in a way that supports long-term structural development in the last ten years, as we think about doing what the Obama Administration has proposed, which is to seamlessly reauthorize AGOA, I think we should think about the major opportunities for growth in Africa, which coincidentally are major opportunities for the rest of the world to participate in that growth and to reduce poverty and to reach many of the other Millennium development goals.

So, I would like to say just a few words about that. First, by way of background, starting in Rwanda and then moving into Malawi, coincident to the work that my foundation was doing on healthcare, principally in AIDS, I began to work with agriculture. I've always been interested in it, I grew up in a farming area, and I could never figure out why African farmers couldn't earn more money since they were obviously good farmers and they had good soil.

So, I determined to find out from the grassroots up, and I remember going out to a site where we were going to rebuild a hospital that had been destroyed in the genocide in Rwanda, and talking to these farmers, and this guy said, "You know, many people have come here before. You are the only one who digs in the dirt." I said, "Well, I started that a long time ago. It has nothing to do with my life in politics."

(Laughter)

And then I made him laugh, I said, "Actually, I got into politics so I wouldn't have to work as hard as you do."

But the -- in Rwanda we worked improving basic yields of crops and also trying to dramatically improve the incomes earned by people who are growing coffee beans, and we began to market them directly in the UK thanks to Sainsbury, and earned twice the profit margin of fair trade coffee farmers around the world.

And now we're putting up a roasting machine there and a lot of other people are there working on this, so the economics are quite good. But I also had a number of other experiences trying to do reforestation work with farmers for carbon credits, and trying to do other basic crops, and I remember a couple years ago when I was in Africa, I went to visit one of our projects in Malawi, and as typically happens, they got a group of farmers to meet with me, 12 of them, 11 men and 1 woman. All of the men were big farmers, they had one or two acres. The woman had a quarter acre. And the year before we came to work there, she was a widow with one child, she earned only $80 for the whole year.

And this year, they picked her to be the spokesperson because she earned $400, she increased her income fivefold when most of the men could only do a threefold increase. And she was talking to me about it, and I'm saying this because I keep reading a lot of things where people say, you know, we're just going to have to lease all this African farmland out and the small holder farmers lose their right to farm. It's too bad; the world has too many food needs.

Well, first of all, every African country should strive to be self-sufficient in agriculture and to preserve the culture, I think, of the people there and their rights to farm the land. And my experience is that if you give people good seeds, good fertilizer, you get rid of the pests, and you have any kind of storage and marketing capacity, you can dramatically increase both production and income.

One of the things that most people who don't work in agriculture there don't understand is that about half of every farmer's income is lost every year because most of the farmers live in remote rural areas without good roads and no -- not only no motorized transportation, but no animal-driven transportation, so they have to give up half their income just to get the food to market. So, one of the most important things we do is just market the food for them.

I was in Ethiopia a couple of years ago and they've done a lot of remarkable things in Ethiopia, but it's really quite a great farming country, which surprises people since they all think about that sliver of Eastern Ethiopia that's part of the Horn of Africa and part of repeated famines, but they had a bumper crop. I was just out looking at some of our solar villages and it was amazing the food that was there, but there was no storage and no transportation network.

So, what I would like to say is, I think that the proper infrastructure to extend AGOA and to do intelligent aid, is to try to help build the systems that will make Africa both more self sufficient and more able to export, that will maximize the capacity of African countries to grow food and develop other resources, but do it in a way that maximizes employment and income within African countries. And I have seen, in country after country after country, how this could be done.

If we had taken a tenth of what has been spent dealing with famine in the Horn of Africa in the last decade to maximize the capacity of the countries next, nearest to famine, then Africans would be taking care of the famine and the aid would go to the African farmers in those countries and we would be building the agricultural capacity of those countries.

So, I hope that there will be a lot of interesting debate about how to build the infrastructure of long-term economic growth beginning with agriculture with the extension of AGOA.

The other thing I would like to say is that I know a lot of our -- whenever you see what America's imports from Africa are, they're always broken into non-energy and energy, which is a fancy way of saying, we need a lot of African oil, and that's fine, but I think that we should have an energy strategy with Africa and a governance strategy. I think we should help African countries to come closer to modeling what Botswana did with its diamonds, to have model codes and capacity to get the benefit of the resources of a country reinvested, to diversify the economies of those countries, and to lift the incomes of the people who live there.

I met a young Nigerian -- I go to Nigeria once a year to a big event there sponsored by the largest newspaper, and they get everybody together and hope that if they just keep pulling all elements of society together that some of the more destructive patterns of business will abate and some of the better ones will take hold, but one young man just came up to me out of the blue and he said, "You know, I've been listening to you talk for years," and he said, "Finally I realized that we had to stop flaring our natural gas. We were burning up all this natural gas and just wasting it. So, I did what you always do, I went and made a deal. I just made a deal with the people who were burning the natural gas. I said, let me buy it and I'll cut you in on the profits. Don't worry about the rest, and I'll deliver the gas. I'll clean up the economy, improve the economy," and he said, "it turned out that once I was ready to give them some money for nothing but just giving me the permission to divert the gas, I got to do some of it."

We need to think more about this and we need to think about Africa not just in terms of oil, our minerals, our precious earths.

There's nothing inconsistent with developing the oil resources of the country and the natural gas resources of a country and maximizing distributed solar power so that power can be brought for growth and for study to children in rural villages all over Africa. There's nothing inconsistent with wanting to develop rural Africa and trying to develop larger waste-to-energy projects in the teeming cities of Africa.

Sao Paulo, Brazil, they're about to have the Rio+20 meeting in Rio. Sao Paulo, one of the biggest cities in the world, has two electric generating plants at the site of its two biggest landfills. Methane gas is a more powerful greenhouse gas than carbon dioxide and it disseminates into the atmosphere. That is, you can get rid of it in one-fourth the time.

So one of the things that we should all be working on to buy the world some more time before the worst consequences of climate change happen is to dramatically reduce methane emissions. The best way to do it is to close every urban landfill in every megacity on the planet. There should be a funding mechanism set up for it. And it's like everything else with an energy input, whether it's the sun or the wind or garbage: it's cheap, all of the costs are up front, and all the benefits follow. So you have to work out a different financing mechanism than, let's say, running a coal-fired power plant, where you build the plant and then you pay for the fuel source every year at a substantial premium.

But I think that we should think about the development aspects, export as well as internal development, when we consider where we're going in the future with Africa. I think we should be helping African countries to develop all of their energy resources, including the ones that may not be immediately apparent that will guarantee economic and political independence and widely dispersed economic benefits. So I feel that way about agriculture and energy. But most important, I think it is very important to recognize that the fundamental idea behind AGOA was right: that no country can work itself out of poverty with aid alone.

The best experience that's happened to me recently with the work we do in my current life was in Rwanda, where we helped at the government's request with Dr. Paul Farmer and Partners in Health to build a hospital in every region of the country because only the one in the capital, Kigali, survived the slaughters. So then we built them all.

Then they said, well, Partners in Health has a good health delivery model. Would you try to build it out in two of the eight regions? We said yes. So then we did that. We opened satellite clinics and trained community health workers.

And then they said, stop, we have to do the rest, and we have to find a model that we can sustain year-in and year-out without aid.

So we got -- the Americans who work in this field were so impressed that 19 American medical schools agreed to train people for 2 years, listen to this, for a total overhead of 7 percent. That's less than a fourth of what the average overhead is for American NGOs. Because everybody was just so blown away that they actually wanted a model that would work, that would improve health outcomes, that would reduce infant mortality, that would deal with all these challenges, and it could be maintained year-in and year-out with people properly trained. We do similar training programs in Kenya, Tanzania, Mozambique, and a lot of other places.

But to go back to AGOA, it all starts with having an economy that grows. And I think the United States and other countries have a continuing obligation to open our markets to more products produced in Africa and, at the same time, to increase the capacity of Africa to produce more and different things, to maximize the impact of energy and other natural resources, and to try to get good model legislation there, and train people to avoid the resource traps, the resource traps that have captured so many African countries, and to really dramatically improve the productivity of African farmers because for smallholder farmers, what it takes to improve productivity is so inexpensive. And being able to feed yourself and having a level of food and energy independence will accelerate economic growth in other areas and open up opportunities through adversity which don't now exist.

So yes, please, seamlessly reauthorize AGOA. But in the process, let's remember what we've learned in the last 15 years about building capacity and diversifying economies. This has been a very good deal for America and it's been a very good deal for our African partners. Some 40 of the 48 countries in Sub-Saharan Africa are eligible for this. But let's not also forget that Sub-Saharan Africa has 48 nations. And while it is true that 10 of the 20 fastest-growing economies in the world last year were Sub-Saharan countries, and several others not in that list are not in that list because they've been growing so fast before, there's still about half the countries, maybe a few more, who don't yet have the level of growth of which they are plainly capable if we can marry the incentives plus the capacity.

So that's my take on this. I'm very proud that we did that so long ago. I think it is imperative to reauthorize it, but I think you are just beginning to see Africa's moment in the sun. I think the topsoil, the labor force, the innate ability, the energy resources that you see in Africa mean that the next decade will be better than the last if we deal with these few but profoundly important fundamental challenges. And the reauthorization process for AGOA is a great backdrop for the United States to do its part to do just that. Thank you very much. (Applause)

MR. SCHNEIDMAN: This is the final session of our discussion here on the African Growth and Opportunity Act. It's good that we've got the preliminary acts out of the way so we can really get down to the main event here. But I'm just honored to be able to moderate this discussion on AGOA. We have an excellent panel.

To my far left is the Honorable Minister of Trade from the Republic of Ghana, Hanna Tetteh, who I've come to know as a true leader on AGOA. Minister Tetteh is an attorney or a barrister by training, but she's really been at the forefront about thinking about AGOA, but also about doing AGOA and implementing it.

Next to Minister Tetteh is Stephen Hayes, a friend and colleague, president of the Corporate Council on Africa. Corporate Council on Africa is the leading organization in the United States that focuses on promoting trade and investment with Africa and Steve is really one of the most experienced individuals in this area.

Next to Steve is the undersecretary general of the United Nations and the United Nations Economic Commission for Africa based in Addis Ababa, His Excellency Abdoulie Janneh, who really has his finger on the pulse of Africa's economy as well as its trading and commercial relationships and we're very pleased that he's able to come from Addis to be here with us this afternoon.

And to my left is Rosa Whitaker, who is president and CEO of the Whitaker Group and I first got to know Rosa when she became the first assistant trade representative for Africa in the Office of the U.S. Trade Representative. Rosa's a friend, a colleague, and I think you'll all agree she's a force of nature, as well, and I think is incredibly experienced.

So, the way that we propose to do this is really have more of a conversation and we're certainly interested to hear your views, as well. We were just talking before about sort of the purpose of this panel and I think we heard from Ambassador Kirk and Vice Chair Erastus Mwencha and certainly from President Clinton that AGOA has a future and AGOA is really very much at the heart of the U.S.-African relationship and I think our job here on this panel and in this room today is really to begin to chart the course of this seamless extension, which Ambassador Kirk referred to and which President Clinton referred to. So, I think we're interested in ideas, what's worked, what hasn't worked, where should we go, how do we broaden the scope, how do we take something that's good and really make it better? So, I know it's sort of a modest challenge, but I think we have the right people here to have that conversation.

So, let me just jump in and go to Undersecretary Janneh and ask you, sir, UNECA did a fascinating report last year on AGOA and you sent surveys out to about more than 150 companies in some 20 countries who are active in AGOA and some of the reports that came back was that AGOA, in fact, was creating jobs and AGOA was actually a very positive for a number of the countries and the number of companies and I would just like you to start off by elaborating on some of the results of that study that you did.

MR. JANNEH: Thank you very much. Thank you and yes, I'd really be glad to share those results, but let me take half a minute and preface what I'm saying to say I'm very happy to be here and we salute Brookings for giving us opportunities to comment and discourse for the AGOA and we thought that would contribute to its extension and then see also not only its extension, but how we optimalize its impact on Africa.

And a second remark on the African Growth initiative that facilitated my being here. The second is really to say we are meeting at a time when global economic solution and political landscape has shifted tremendously since AGOA started and in the economic arena, we are seeing emerging economies. We are seeing that U.S. still remains a dominant power and still the biggest market and access to us is very, very important.

And the third point I want to make is to reinforce what I've been saying about our continent. Really, the mood of optimism, the mood of can-do, the mood of not continuing to be a dependent and so on is out there and one of the aims of African countries, of course, is to optimalize trade and trading partners.

Having said that, and in this aspect, of course, in terms of what Africa is doing, that this has been driven by the private sector. And Madam Tetteh is here. I'm sure she'll be able to dwell on that.

Having said that, yes, we carried a survey. We carried a survey and we were mandated by the African Ministers of Trade to really see what the beneficiaries were thinking of AGOA, and through our Africa Trade Policy Center, we did a continental survey, and Alan Kyermemateng, former minister of Trade of Ghana now runs that center.

And the result that came out of it first was that the majority of the companies that we surveyed found AGOA to be between very important and important, that it was important in relations with the U.S., and agreed that this important rests mainly on AGOA being providing an export market and a source of investments and imports.

Also, another important finding was that half of the respondents, half of the respondents of it indicated that they benefited from AGOA opportunities. The survey showed that beneficiaries experienced an expansion of exports to the U.S., and diversification as a result of AGOA. And 40 percent of the respondents said they were able also to export not only to the U.S., but to other countries, and this was due to AGOA.

The benefiting countries also were able to build some industry base, especially for textiles and fabrics and apparel. Without doubt, there has been an evident economic period for countries, such as Botswana, Kenya, Ghana, Lesotho, Madagascar, Cape Verde, a whole series of countries who were benefitting, and in these countries, AGOA helped promote nontraditional exports, such as textiles and apparels, leather products. Somebody made mention of particularly Ethiopia in this, a group processing goods and transportation equipment.

On the direct question about AGOA's impact on employment and skills enhancement, in our survey, not all respondents were able to provide responses on the exact number of jobs that were created. However, 75 percent of them, 75 percent of respondents reported that employment creation was enhanced and 82 percent said that they low and high-skilled jobs had been created due to AGOA. So, it was very clear that they did feel that AGOA's impact on job creation was evident. Evident also in mind that skill enhancement has been supported by AGOA with a great majority of the respondents reporting that due to AGOA's job creation, they actually trained and coached personnel.

When we probed the respondents in our survey to disclose their future prospects as the result of AGOA, the jobs agenda was very much alive. One-third of them said that they have plans to train workers, expand workforce, and even raise salaries. Overall, I believe it is fair to say that AGOA has a positive developmental impact and we listened to President Clinton today. I want to go into that where he looked at both economy indicators and social indicators and said that AGOA did contribute to this in terms of growth and social indicators like maternal mortality and so on. But so it is very clear that it has a positive impact on development in as far as it helped create jobs, enabling households also to earn income.

Having said that, there were also concerns that AGOA could have done better in terms of the employment creation. The fear of AGOA phase out, which is really threatening and we listened to ministers here, was cited as impeding building local capacity through investment, thereby determining job creation. So, the fear out there was that this has been a fantastic initiative, we have benefitted from it, it has impacted very positive long development, but now the cloud of saying as a possibility that this would not be renewed, it's causing panic and fear and maybe once we discuss, we will tell you some of the concerns of AGOA.

MR. SCHNEIDMAN: Yes.

MR. JANNEH: Maybe I should stop.

MR. SCHNEIDMAN: Okay, thank you very much. Let me just mention that the African Growth Initiative just issued a report on AGOA and one of the recommendations was extending it for 10 years, from 2015 to 2025 just to address that very issue.

But before we get too far ahead, let me ask you, Rosa, you were there present at the creation of AGOA and fighting the battles in Congress to get it passed and then joining the administration to begin the implementation. And here we are, 12 years later. What's your sense? Has it lived up to your expectations?

MS. WHITAKER: Well, I think in many ways, it has lived up and exceeded our expectations and then there were other areas where it miserably failed our expectations. If I could have a few minutes.

I mean, I think most of us who were some of the key architects of AGOA, we're just absolutely pleased with the fact that with the increase in exports. I mean, when you look at a 500 percent increase in exports from such a modest initiative, and although a lot of those exports are petroleum products and energy, there's still been significant diversification. And, so, that's not bad. Three hundred thousand jobs created, that's not bad. I think that we had hoped for more, but that's still within for as modest as the initiative was. We had expected that it would be something that would be significantly built upon over the years.

We're pleased with the $10 billion in apparel exports from Africa just within a decade because when we started, there was only about $350 million in apparel exports from Africa. And, so, we've also been pleased with just the bipartisan nature when it first passed.

Now, in areas where we are very disappointed, we had not fully anticipated the supply side constraints. It's kind of disingenuous to say you can bring in all the products you want, but if a country really doesn't have the capacity to produce. Our goal at that time was to have AGOA married with some intelligent aid and there wasn't outgrowth of AGOA with an increase in trade capacity building and an increase in aid, but I don't think that that aid was largely very intelligent. And, to me, that was disappointing and I think that we had hoped that there would be a greater investment response.

We haven't seen a lot of U.S. investments go to Africa as a result of AGOA. We've seen some. We had hoped to have better and we kind of understand why that didn't happen. It's a combination of not having proper incentives and also it's a combination of having those critical supply side constraints, which includes infrastructure.

We had hoped to have greater product diversification. As many of you know, we strongly fought and we lost the battle of the tariff rate quotas that would have permitted more agricultural products to have access. We just didn't win. I mean, Steve tried. You did. And many of us. Mark, you were very helpful in that. I mean, but we lost that battle and we never thought that more than 10 years later, that we'd still be fighting that battle.

I think one of the things that we just did not expect are these new threats to AGOA. When we started AGOA, China wasn't even a WTO member, and, so, I don't think we fully anticipated this threat from China because when we thought about it and when we were plotting out the 10-year strategy for AGOA, we said okay, the prices in China for apparel and some of these entry-level sectors, the prices are going to go up. So, our strategy was to prepare Africa for those jobs that would migrate out of China. Now, China's prices are just going up. We thought that would happen sooner, but we still have a situation where China is just flooding the market, significant increase in Chinese apparel exports because of the heavy subsidization, the depreciation and manipulation of the currency, and I don't think we fully took into consideration.

And we certainly did not expect politically that a lot of this would be supported with, for example, the LDC initiative. We didn't expect that, and for many of you who don't know, that's the legislation before Congress that would give Vietnam, Cambodia AGOA-like benefits even though Cambodia and Bangladesh, they export more products singularly than all the African countries combined. Trade preferences means preferred partners and I think with AGOA, we thought we made a strong statement, as President Clinton said, that Africans were the preferred partners. We did not expect that preferential meant everybody.

And, so, those are some of the things that we did not anticipate. And, finally, I'd say the main thing that we did not anticipate is we saw how President Clinton and you saw, I mean, it was just such a pleasure to work with him, how President Clinton -- you were there in the administration -- was so excited about AGOA. When he would work late on AGOA, when we said Mr. President, we need you to call some members of Congress; he would get on the phone and call. I mean, President Clinton, he got Africa, so, when you look at his presidency, you're looking at debt relief, you're looking at AGOA; you're looking at so many different initiatives.

And, so, then President Bush comes on. Oh, not so many different -- I mean, President Clinton even changed the paradigm from paternalism to partnership. President Bush came in and did even more. We had the same kind of momentum, even more. President Bush met with more African presidents than any president in history; it wasn't just about meeting. We saw PEPFAR, we saw the Millennium Challenge Account, he enhanced AGOA three times and when we would say Mr. President, we need some calls made to Congress; President Bush would get on the phone and call.

And, so, we didn't anticipate that we would have a president of African origin, which was a pleasant surprise, but we never anticipated that we would have a president that didn't get Africa, and I'm sorry, I'm a President Obama supporter, everybody knows my party affiliation, I make no secret about it, but the problem is we do not have a president, in my view, that gets Africa. What is President Obama going to be known for? And I think that the constituency, you're letting this administration off too easily because they say they support AGOA. That's nice. We've known that they've supported AGOA for a year. How many calls has the president made on AGOA?

He just had a roundtable on the G-8. Couldn't they have organized some of those G-8 participants that they galvanized to make some calls to the Congress? That is where the rubber meets the road, that's how you measure full commitment, and I think that the constituency for Africa has been blinded so much by this symbol, which is a powerful symbol, of President Obama that we cannot hold this administration truly accountable. We have never been able to do this without the president.

MR. SCHNEIDMAN: Okay.

MS. WHITAKER: So, let me just stop there.

MR. SCHNEIDMAN: Let me just jump in there. (Laughter) And separate out the strategy, the tactics.

MS. WHITAKER: Okay.

MR. SCHNEIDMAN: And let me go to Minister Tetteh.

MS. WHITAKER: This is true.

MR. SCHNEIDMAN: Rosa, thank you for that very full response, and ask you, Minister, let's just switch the focal point for a second to Ghana and talk about Ghana's experience under AGOA and let's assume for a second that third-country fabric will get extended. And I've noticed that recently Ghana has gotten into the apparel exports a little bit later than some of the other countries and I'd like to hear you talk about Ghana's experience with AGOA and what you would like to see built on.

MINISTER TETTEH: Well, thank you very much for the opportunity, and, actually, Ghana got into AGOA much earlier, when (inaudible) was the minister for Trade and Industry, it was one of his focal areas to see how we could begin to build Ghanaian SMEs to participate in AGOA in a meaningful way and it was thought that the garment sector was the most logical entry point and, indeed, government did support some SMEs in the garment sector to build capacity, gave them financing to be able to access the U.S. market. However, when the economic crisis started in 2008 and 2009 and orders dried up, a lot of those businesses that were operating on really tight margins were not able to continue to sustain their operations. Some of them fell through the cracks and you've had a period of resurgence over the last couple of years where they've been able to rebuild their capacity, new entrants have come in. We've also had some U.S.-Ghanaian joint ventures in that sector, but I'd be the first to say that the current uncertainty about the third-country fabric extension is not exactly helping that sector to continue to grow.

MR. SCHNEIDMAN: Sure.

MINISTER TETTEH: Because what has happened over the period, especially over the last 9, 10 months or so is that because businesses are not that sure that they're going to be able to benefit from those preferences, the simple thing is that they're not ready to take risks in that sector anymore, and even though we have a domestic market that allows some of those companies to be able to change their production and not just focus on exporting to the U.S., but produce products that are going to be used in the Ghanaian market, it is not the same as the kind of market access they had to the U.S.

So, I would say that as far as AGOA is concerned, it's been a good experience to understand how to enter the U.S. market. It has helped us to focus on the areas on which we need to build capacity and the West Africa Trade Hub, which is located in Accra, has also been very helpful in building SMEs and I can see Vanessa at the back. She's really indefectible when it comes to making efforts to help the Ghanaian businesses to access the U.S. market.

But I would be the first to say that we could do more with AGOA and I also think that it would have been much more successful if you had the United States private sector businesses also seeing AGOA as an opportunity, using it as their entry point into investing in Africa, taking advantage of those preferences and developing the products and maybe the services that would have had demand on the U.S. market and essentially grown our private sector.

What has happened with the comparative arrangement under the economic -- first, the various conventions continuance now, the discussion on EPAs that we're having is that you saw that the first movers into our markets to make their investment and to take advantage of those opportunities were European companies and they were able to build capacity and they've been able to build domestic supply chains and they've been able to meet the health standards of the European market. And, so, they've taught us how best to be able to produce to meet the standards of those markets. I think in that respect, AGOA has fallen short, but I would also say that if we're going to be able to make more of AGOA than has previously been the case, we need some certainty and we need some certainty quickly.

Rosa, I wouldn't be as harsh on President Obama. I think with the U.S. policy establishment being what it is, he's maybe had to work very hard to prove he's American. (Laughter) And continue to have the ability to work for all of us, and I would hope that within the next three months, we can really get this issue of third-country fabric sorted so that we can at least see that over the next couple of years, those businesses in my country and other African countries can really move forward.

MR. SCHNEIDMAN: Yes, that's great. Thank you.

Steve, let me pick up on one of the Minister's points. I mean, she just said that U.S. business wasn't there to sort of help the Ghanaian businesses mature and get into the U.S. market. As head of CCA, which has nearly 200 members, probably maybe more, what's the mood of your members in terms of AGOA, keeping in mind it's a nonreciprocal trade agreement and wasn't really intended to help U.S. companies, but how are they seeing the future and what can be done more to help U.S. companies partner with some of the companies that the Minister was referring to?

MR. HAYES: Well, it's a timely question because I just came out of a meeting, straight over here, of our companies meeting with our national security advisor on Africa to discuss exactly that, the frustrations that U.S. companies are having in their attempts to increase trade in Africa. The reality is that CCA, its members represent about 85 percent of all U.S. investment in Africa. Unfortunately, a lot of that is one or two sectors, although, we do have 20 sectors of membership. The issues, it's not as easy to say well, just because the Europeans are there. The Europeans have been there for some time. So, it's apples and oranges more than anything.

I also happen to agree 100 percent. I think Rosa's statement was fair, balanced, and accurate in terms of what's needed. The frustrations in dealing in Africa on the U.S. side are that there's very little U.S. private-public dialogue. There is not a comprehensive plan where the government and the private sector meet. The private sector isn't even allowed into the binational meetings, the binational meetings of Nigeria, of South Africa, the working groups of Ghana, and a lot of these are in economics. So, how can you talk about economics, how can you talk about increasing trade, two-way trade and keep the private sector out of the meetings?

But there are also the other issues. There are the issues of capacity-building. AGOA, frankly, wasn't discussed today among the companies and it wasn't because anybody's against AGOA. It's like apple pie, everybody's going to say yes, I'm all for AGOA. It wasn't discussed because for AGOA to work even, you have to have greater capacity, you have to have infrastructure, but you also have to be for American companies to invest, there has to be a financing package. The Europeans have financing packages. The Chinese has financing packages. The Indians have financing packages. The Gulf States have financing packages, and we don't. It's that simple. Most American banks will not touch Africa. They won't touch Africa especially if the Ex-Im Bank is not going to help guarantee it.

There's got to be a more creative approach between the public and the private sector towards Africa, and that's why I salute Rosa's statement. That's got to come from leadership at the top and it hasn't been there. It's just a fact. If anyone wants to know my party affiliation, it happens to be the same as Rosa's. It may be people find it hard to believe that, but, in fact, it's true. (Laughter) And but the reality is that we don't have that leadership on Africa. There hasn't been any statement on Africa. I mean, here's the way we would like to see Africans act in the statement and when he's passing through on Ghana, three years ago by the way. So, we need a far greater public-private interaction where we sit down at the same table together.

The Marshall Plan worked because the private sector and the public sector sat at the table together from the very beginning and planned what's needed, who needs to deliver this and so forth. Now, I'm not saying you need a Marshall Plan for Africa, but you do need the U.S. government and the private sector talking to one another and that is not happening, and that was the central message today from 15 major companies sitting down in an off-the-record discussion this afternoon.

MR. SCHNEIDMAN: Great. Thank you, Steve.

Let me go to Undersecretary Janneh again and ask about some of the trade relationships that have been referred to here.

Yesterday at a great conference put on by the Civil Society Network, which is also a part of the AGOA process, the representative from South Africa talked about how the economic partnership agreements with the EU was sort of undermining regional integration and I can just say that there's a great deal of concern here in Washington about these EPAs and their deterrent effect to trade and investment and I'm interested in your perspective on that because on the one hand, it doesn't seem that Chinese companies have much concern, but certainly if you talk to people around here, there is a great deal of concern and I'm just interested from the African perspective how you're seeing this.

MR. JANNEH: Let me before I really make those comparisons just react to one or two things that I had in this all. One is really the role of private sector and how closely private sector is working with governments in Africa, and increasingly, they're recognizing the important role they play that really meaningful growth will not take place in Africa without the private sector, and, therefore, really they are working closely together and in various strategies and plans, the private sector view is taken into consideration and I think Madam Tetteh, she can confirm that.

And the second is on President Obama. Sometimes it's not necessary to state the obvious and I think maybe it is you would know that Africa is at the heart of President Obama, and, therefore, it is not necessary for him to make those calls.

Everybody who supports AGOA or who believes in really optimizing Africa and U.S. cooperation will know that they have the support of President Obama. Maybe that is why he's not saying -- I'm not defending him, I don't have a vote here. (Laughter) So, but I will say this.

MR. SCHNEIDMAN: Interesting.

MR. JANNEH: Let me also say that really we believe in trade preferences. I think if there was no such consensus, I don't think we would have AGOA, and then apart from AGOA, of course, there are several everything but arms of the EU is an example and then in the United Nations, we put an emphasis on global partnership or development, dutifully a quota package. We just agreed in Hong Kong on the WTO.

But before comparing AGOA with other trade incentives, let me say that we embrace AGOA more than any other trade preference framework. It was clear; it was that there was no controversy over AGOA. We embraced it fully.

Second, AGOA puts a lot of emphasis on products rather than commodities, and therefore, we in Africa felt that this was contributing (inaudible) addition and this is a very important point and how many products? You're talking of 6,400 products for export. So, really, it is meaningful addition. We improve it when we can and maybe we'll have an opportunity to say a few words on what improvements we're looking for.

On the comparison, also, on the order scheme, the starting point is that you mentioned it, Mr. Moderator. AGOA is not reciprocal in the unilateral trade preference and this is different and this is unique, it is both LDCs and non-LDCs in Africa are benefitting from AGOA. We really mix it, more broad-based and diverse.

It has also 98 percent approved coverage with flexible roots of origin. The only problem is, of course, it is not permanent like we have with the EU, but the EU one is all but arms is permanent, but it's limited only to LDCs. So, it has this restriction.

The problem, of course, with AGOA is that, of course, this product coverage is there, but it has excluded some very important sectors, and I see my colleagues from (inaudible) are here. It has excluded sugar, it has excluded peanuts, it has excluded dairy. We could be a great benefit to Africa. What else, everything but arms covers everything. It is 100 percent coverage. The only problem is it doesn't have a place of origin as flexible as that of AGOA.

Now, let me say a few words about EPAs, which you specifically mentioned. Today, we have not concluded the EPAs, which means that there are certain concerns that the Africans have a new -- you mentioned somebody who said that it is detracting from our integration agenda of integration strategies. They have EPA groupings which are different from the groupings, and if you know, the different agenda in Africa there is particular emphasis on the whole issue of integration and Minister Wetangula from Kenya is here, he can talk on that more.

Also, the EPAs are looking for 80 percent reciprocity from African countries, and this could have serious implications for Africa's industrialization and structural transformation. At this stage of the development, many African countries, especially LDCs, do not have enough productive capacity to be able to compete with European-producing exporters on the same playing field and they are requesting that really this is reciprocal there, which is a big handicap on consideration for us.

Let me give you a practical example. The EPAs, in Africa, we have two very important development frameworks, one is we are implementing an African mining vision, which is really to see to what extent we can maximize the benefits of mining for the interest of African development and the other one is the accelerated African industry development for Africa. For this to really progress meaningfully, we have export taxes. Export taxes, which are acceptable under the WTO, but the EPAs insisting that this be abolished, and if you do so, again, these two very important development frameworks, which will have tremendous impact on development in Africa would be put in jeopardy.

The last point I will want to make is that the other schemes, such as the European everything but arms are non-conditional. Non-conditional. AGOA to some extent is non-conditional, but sometimes issues of governance and President Clinton made reference to it are put on a table. AGOA is about trade, AGOA is about the private sector, and, therefore, if governance is important, what we cannot penalize the private sector because their governments are irresponsible. We cannot do that.

I'll give an example. If a producer in Zambia has to import a commodity from Uganda to be able to produce and the government of Uganda falls out, and I'm sorry I'm using Uganda as an example, they have not a problem in any way with United States, but that they -- or with Senegal, for example, that you are importing from Mali to produce something in Senegal and the Government of Mali has been overthrown and they said because of that, we cannot import from Mali. That would be very serious. Therefore, let us, as I say, I don't want to downplay the importance of governance, but in the matters of trade and production, we have to be very careful to what extent we use this as a condition and I think this is, again, a debate that we could take as we move on on the agenda.

MR. SCHNEIDMAN: Great. Thank you very much. That's very interesting.

Rosa, let me ask you. Let's take President Obama out of the equation for a second and look forward. I mean, from your perspective and your great experience, what does a renewed, strengthened AGOA look like? What does it have that it doesn't have now and what does it have that maybe we put to the side or maybe we do better?

MS. WHITAKER: Okay, let me just say it's not personal to President Obama, but I will say that a renewed AGOA will not be a reality without political will period. It just will not and this is just an empty conversation if we think that we're going to build on AGOA without strong political will. I've worked in the Congress twice, as you know. I know how it works and we have never gotten AGOA passed when it's been stuck in the Congress without calls from the president. And I think that we can now, but I think we could have gotten it done a while ago and it doesn't take a lot of courage because, as many of you know, AGOA's not politically contentious.

MR. SCHNEIDMAN: Right.

MS. WHITAKER: It's just in the Congress dying from benign neglect. So, it doesn't take an ounce of political courage to make a call on a legislation that already has bipartisan support. So, the political will being a given, I think it has to take some other things, but this is going to take an even greater political will. That's why I wanted to go back to political will.

One, as the Trade Minister said, and she was right, we haven't seen that strong investment response and as you've indicated and Steve, and that's because our private sector has not been as incentivized and there is a proposal on the table and we can do that and that's using tax incentives to get the private sector to invest and we've been calling for two kinds of tax incentives, that's a repatriation of taxes on profits for companies who invest in Africa in sectors with significant development dividends. So, we take out oil, we take out the extractive sectors and we're talking about agriculture, we're talking about apparel, ICT, and those sectors that are job-creating. If you did that, I mean, if that happened next month, you would see so much U.S. investment going into Africa.

We're also talking about another kind of tax incentive which is a tax credit for companies in America like retailers that source products from Africa with significant African content. That would incentivize companies to put African products and inputs into their supply chains. So, I think that would be the most significant thing. Of course, we have to renew third-country fabric and get rid of the uncertainty of AGOA. AGOA should be permanent; we got to relax some of the conditionalities.

We saw what happened with Madagascar. Finally, they found an alternative way, but it was the most ridiculous thing, double victimization. So, you pull away people's jobs and their income, people who are already poor, you make them even poorer because they got a leader that they don't even like, perhaps. Perhaps. I mean, so, why do you punish them? The reality was the conditionalities, it was a compromise, and I negotiated some of those conditionalities, but we left it open. If you read them, we left it open to interpretation so that the president would have the ability to determine if he wanted to take them off or if he wanted to keep them on. So, we left them general, like you had to have political transparency, but we left it up to the administration to decide how you define that. So, I think we got to get rid of the uncertainty because you can't do business with that kind of uncertainty, we got to incentivize our business.

Also, some of you may not like it, but we got to do something about this very unintelligent aid. AGOA has created an aid industrial complex and all this money that we have invested, billions of dollars in the aid, I want to, and I've challenged people, and I hope someone does the research, how much money has hit the ground in Africa of U.S. aid? And I think you will see that it's sitting right here in Washington with the plethora of new NGOs.

Every time there's new money announced for Africa, I see a new NGO living large. When I started working in Africa 30 years ago, you had people who were missionary about Africa, they were not there for money, they were not driving around in the best cars, they were not sucking up all the local capacity. So, I can say we can do one thing, what President Clinton said about the NGO, that he had an NGO that built these clinics with 7 percent overhead. If we say 7 percent overhead, no more for all the NGOs that want to work in Africa, we would take out those that are truly not committed, those that are in it for the money would find another business and those that want to do it to do good and then do okay, they would stay in and then we would get a better result. Our aid is just very unintelligent, it's just if you look at all these unnecessary seminars, all of these unnecessary studies, redundant, I have seen million-dollar studies, World Bank does the same study, AID, we've produced a generation of 25-year-old arrogant people living like kings and I mean, it's just ridiculous.

But I will tell you one thing, that, I mean, I happen to live in Ghana, and I'll just give you this example and stop, and I've seen it throughout Africa. Ghana is now not self-sufficient in rice and it should be. There's no reason why Ghana should not be, but it's going to take some work. And, so, they could become self-sufficient, I think, with our help.

So, what we do, we start educating the rice farmers on how to grow rice and then we send our young people over there to educate very experienced farmers who know more than enough about how to grow rice. The problem is not education, it's irrigation. So, we don't put the money into irrigation, we have people over there on per diems educating farmers. And I think if we could partner with the Ghanaian government and the farmers and really go into the infrastructure and invest our money in something more meaningful. So, I think we need to do something about this very unintelligent aid, I think we should have 7 percent, and we need to do some reforms in the Millennium Challenge Account, which is working much better.

MR. SCHNEIDMAN: Right, right.

MS. WHITAKER: But I think with the Millennium Challenge Account, we need to incentivize them to have African partners.

MR. SCHNEIDMAN: Right, thank you very much.

MS. WHITAKER: That's all.

MR. SCHNEIDMAN: That's good. That's a start. Not all. (Applause)

Minister Tetteh, let me come back to you and I'm interested in what you see as the minister of Trade from your office in terms of the businesses, in terms of the American business versus Chinese business versus Indian, Brazil. I mean, what does the landscape look like and where do U.S. companies fit into this and do you see American companies coming through? Would you like to see more? Do you think we have a presence or do you think companies from other countries are really sort of stealing the march as it were on U.S. companies?

MINISTER TETTEH: Well, thank you very much, and, Rosa, I do welcome this debate on intelligence aid. I think that would do us a world of good if we could focus on the things that actually need to be done instead of so much -- I agree with you on the seminars and workshops. Sometimes, it gets a bit tired.

But to directly answer your question, Witney, and I agree with Mr. Hayes, the difference between U.S. businesses and businesses from other parts of the world is that you don't seem to have the incentives to support your private sector to invest in Africa. Now, you were having a discussion about a bill to promote U.S. businesses exporting to Africa with a view to creating jobs in the United States. How do you think that is going to work if there isn't the purchasing power in Africa to be able to support those kind of initiatives and how are you going to create those jobs when you're talking about trying to get into a market that we all agree has a lot of potential, but has not been developed, especially by the United States in the way that it could be? All of these other countries you're talking about also promoting their exports, but they are promoting their exports together with the investments, together with financial incentives so that it's a combination of measures that gives them the opportunity to have an increased presence on whether it's the Ghanaian market or the market of any other country in West Africa.

So, I think that even though your private sector is very independent, and, therefore, is capable of taking investment decisions on its own and prioritizing on their own, I think that they will not go into Africa without more intelligent incentives thought through to support those businesses in the initial stages of their investment to overcome the infrastructure shortcomings that we have, which ultimately the competitiveness of manufacturing in Africa or producing in Africa as opposed to producing anywhere else in the world, especially when you're looking at Asian countries and which would then allow them to think of our countries not as places where you go just to show that you're doing something great with corporate social responsibility if you're not in the extractive industry sector, not where you're just going to do pilot projects to say we can actually make this work on a commercial basis in Africa, we've got this wonderful little thing and it can be up-scaled. You really want to create that kind of incentive framework that allows people to say I'm actually going to Africa to make money and my country is supporting me to make that money.

MR. SCHNEIDMAN: Right.

MINISTER TETTEH: On the other hand, I'm going to do it in a way that is not going to make the Africans so annoyed with me that would spoil the image that the U.S. currently has in Africa, which I think is a very favorable image because of AGOA and take advantage of the environment that has been created and leverage that to be able to create more opportunities on both sides.

At the end of the day, and Ambassador Kirk mentioned it in his comments, we look at America as a country whose values we subscribe to and where we're thinking of where we can best educate our children if we can afford it and where we can learn from, we look at America. When we restructured our governments and we started to introduce more and more democracy and governance structures that were more democratic on the African continent, which was the example we looked at. So, you have a lot to leverage on, you have the soft power, you're just not using it very smartly to build the commercial relationships, as well.

MR. SCHNEIDMAN: Yes.

MINISTER TETTEH: And I do think that if you went thinking of Africa as an aid case and you were looking at it as a commercial case, you probably would be better at it.

MS. WHITAKER: That's true.

MR. SCHNEIDMAN: Right, and I think that's a very good point. (Applause) And I think that was really sort of one of the underlying powerful aspects of

AGOA was making that transition from a donor-recipient relationship to one of a genuine partnership based on mutual outcomes.

But, Steve, let me come to you on the legislation that Minister Tetteh just referred to that's been introduced in the House. I think it's increasing exports to Africa to create American jobs that would triple U.S. jobs over 10 years, triple exports, calls on the White House to create a position to develop a trade and investment strategy. On the surface, it sounds ideal, but what are you hearing among your members and what do you think about it, particularly in light of what the Minister just said, it's great to increase the exports if people have the money to buy them.

MR. HAYES: There are so many things I want to say to this and I'll try to get some of them in. In terms of when I first came to CCA now 12 years ago, CCA was on record of not supporting AGOA. In fact, it was really Mark Newman and Steve Lande who came to me in separate meetings and said CCA needs to get onto this.

So, we did get behind AGOA. We were not anywhere close to the people who worked and built it. But we did get on it; I think we continued to make a difference and continue to support AGOA throughout. But it's not enough, and, again, Rosa hit a very important point that shouldn't be overlooked, besides the emotion on the unintelligent aid, the reality is, again, I think that I always look at the psychological factors, too, but 65 percent of AID were former Peace Corps volunteers and that's very public, you can look that up, but the fact is that an aid is almost a graduate school of Peace Corps in some ways.

It's also a climate that is distrustful of the private sector. So, there's got to be more dialogue and openness in joint planning at that level, too. The idea of the government, and it's many governments, too, but ours is the same way is that the idea of we're going to cooperate, we're going to have everybody together. So, you bring the group and listen to what we want you to do and that's their form of cooperation, and if you don't bring the group, well, you're not interested. Nobody's going to be interested if they're not part of the planning and there's no benefit for them. So, that's just one of the many things I wanted to say.

And the Durbin legislation particularly, we worked behind the scenes to help create it and I think it's a positive step forward. I think we need a far more comprehensive approach to Africa than just AGOA. I think AGOA is a good first start, but I would prefer just making it permanent or extending it 10 years so we can go on to other things, like looking at infrastructure development, looking at regionalization. I think regionalization is very, very important.

Now, the other thing I wanted to say, I don't want to leave the impression that American companies are going into Africa. Despite the economy, we've had three consecutive years of record membership and that surprised me, but out of the last 10 or so companies, Proctor and Gamble, Wal-Mart, Colgate-Palmolive, Motor Oil Solutions, Cargill, Microsoft, IBM, and great, Bloomberg News, finally, a news media outlet that finally sees Africa as a business-reporting site rather than a crisis-reporting site. So, there is enormous interest. The frustrations, again, are how do you create a more favorable climate and it requires the public sector to be part of that climate and they've got to get it through legislation.

The weakness of the Durbin Bill is that it does address the financial realities in which we are living in now. There is not a lot of financial support. There's support of ideas, there's support of a person in the White House, but they also say this isn't going to cost anything more. So, you don't have the underpinnings of the financial support or the shifting of resources within that. It does address some critical issues. It addresses the issues of financing. But, again, there's not the hammer, I think, that drives the nail in to make it work. It's a positive step, it's soft legislation, it's badly needed, and we need to do much more.

MR. SCHNEIDMAN: Great. Thank you very much.

Let me turn now to the audience and take some questions here, and before I get to you, let me just turn to Steve Lande, who is representing the Civil Society Organization that just had a major conference, and the reason that we want to brief -- or he asked to make a brief comment is that the AGOA legislation is unique for many reasons, but one of them is that it builds in the voice of civil society to the trade legislation and I think that's an important aspect.

So, Steve, if you make a brief comment, we'd like to hear that right now.

MR. LANDE: First of all, Civil Society very much appreciates the opportunity to make the comment.

MR. SCHNEIDMAN: Can you stand up so people can hear you?

MR. LANDE: I'm standing up for those who may not believe me. (Laughter) But Civil Society very much appreciates the opportunity to make a comment here and we know how busy it is. So, what I suggest doing is going very quickly to some unique points --

MR. SCHNEIDMAN: Just a minute or two, that would be great.

MR. LANDE: No, you said four. So, anyway, I have 10 sentences, that was my deal.

MR. SCHNEIDMAN: Perfect.

MR. LANDE: But let me make the really quick, but not too quick that people still understand me. Okay, anyway, that basically, Civil Society, they have the Civil Society Working Group Subcommittee Report, which is now ready, the overall is not and we left some of them outside. The basic points that we have made, and they're similar to yours, to the panel, so, let me just make them real quick and very directly.

That, one, we learned from this experience of third-country fabric that we must have a plan for AGOA by the end of this year because it takes Congress two years to enact a piece of legislation. The plan must go beyond trade caps -- I don't care whether it’s an Obama administration, a Romney initiative, we must have something that also gets into investment and we must have something that gets into regional integration. To get into investment, what we need are creative things, the kind of creativity that Rosa used when she put AGOA together to begin with.

We need special-purpose vehicles. We have to support our mutual funds, our equity funds to figure out how to get them into Africa and so on. We must modify the current method of taking countries off of AGOA with (inaudible) collateral damage doesn't do a bit of good and so on and replace it with what we’ve done in the Middle East, targeted, collective peer group sections.

The most interesting area is regional integration, and, again, I'm sorry I’m going so quickly, are regional integration, and here again, we have to realize that we’re part of the G-8 and the G-20 and one country cannot have a preference system and another country cannot have a different preference system. So, what we’ve basically must do is work with our G-20 partners, work with likeminded African countries, modify the WTO rules, maybe get the AGOA waiver extended to 2020 and maybe get the extended AGOA waiver to cover all so-called preference schemes. We have to get an agreement from countries they will not ask for reciprocity until Africa has a shot of completing its goals, and I look at Minister Tetteh because she's certainly in the lead with eco watts in West Africa. We know the Tripartite Group, we know the proposal to create a continental free trade agreement and even a customs union before 2020.

Three more sentences. So, we should ask for reciprocity in the sense of waiting until the right time. Basically, what research suggests is that the structure that makes AGOA duty-free treatment permanent. We cannot go through this every 5 or 10 years about renewing it, but the condition being that the trade negotiators must work out the appropriate form of reciprocity hopefully between 20 and 22, hopefully, when Africa can negotiate as a group.

And one thing about trade negotiators, and I look at the people in the room, if you give us a negotiation, 9 out of 10 times, we succeed. So, the basic approach, I think, the Civil Society recommends is remember that –- this is the cultural brokers in the exercise, that you have to use Export-Import Bank, other resources to help small and medium-sized enterprises, but please show your creativity and please have proposals ready by the end of the year so we can give them to a new Congress or new phases in administration or, God forbid, a new administration, whatever we happen to have, but we have to get to work.

Thank you very much for allowing us to speak four minutes. Bye-bye.

MR. SCHNEIDMAN: Thank you very much. Thank you.

Let me turn to the audience. I'd like to take three questions at a time. So, please identify yourself and make a comment or question and briefly.

Ma'am, please lead the way.

MS. MALEKO: Yes, thank you, Chair, and thank you to the panelists. My name is Jacqueline Maleko from the Ministries of Industries and Trade, Tanzania.

Mine, I think, is just observations really. After hearing about what the panelists said, I think we have also to look inward, what is preventing us from (inaudible 59:26 exploiting AGOA? For instance, if you ask me by extension of the third fabric, Tanzania, what are you benefitting? Am I able to say? So, sometimes, let's not just ride on other people's back. We have to be held responsible to say what am I benefitting?

Another thing I think the challenge we have is we have not mainstreamed not only AGOA, these preferences in our trade development agendas, it's taking separate from our trade development agendas. And most of us, we don't have initial strategy of how to harmonize these preferences and because we have so many preferences, we are taking them as piecemeals. This is also a challenge.

Another thing which I see is this is mostly government and politically-driven. The private sector which is supposed to implement, they're not effectively taking on both or we don't have any incentive to make the private sector harmonize these preferences. As a private sector, the motive is profit. By (inaudible) AGOA instead of (inaudible) within the EAC, which is easier with the custom union and a lot of benefits, as a private sector, what is he benefitting? We've not been able to do that and we've not even provided incentives as a government to make the private sector (inaudible) these opportunities. (Inaudible) in which I had is that you must have a fullback position as a mission because imagine I'm producing AGOA-compliant, EPA-compliant. In case I don't save, where do I save? If I've not created the amount within the nation, where do I take my products in case I don't get the marketed product? So, I can't tailor-made my factory to produce for AGOA if the domestic market I don't have a demand. Because of lower demand in the domestic, it is very difficult to make a private sector produce this or to produce AGOA-compliant while as a fullback position I don't have.

And just a minute, African countries, most of us, we produce what we don't consume and consume what we don't produce. So, this is a big challenge and unless we start consuming what we are producing, we cannot expect to produce for an external market while the internal market we don't have a market as such.

MR. SCHNEIDMAN: Okay, ma'am, can we --

MS. MALEKO: So, okay.

MR. SCHNEIDMAN: Thank you very much.

MS. MALEKO: Okay, thank you very much.

MR. SCHNEIDMAN: Sir, right here. Yes, right here. Yes, yes, and Minister.

MR. DUNETTO: Hi, my name is Alvo Dunetto. I'm going to pose this question on personal capacity. For anyone in the panel, I would like you to comment on how much of American investment into Africa comes down to creating incentives and how much really is it in terms of Africa making itself more attractive? Thank you.

MR. SCHNEIDMAN: Okay, Mr. Minister?

MINISTER WETANGULA: Thank you, Moderator. My name is Moses Wetangula, trade minister, Kenya.

I want to thank Rosa for being refreshingly candid on all you said, but I got just one or two comments.

The first comment I would want to make is on the statistics given to us by my brother Janneh, for me from Kenya, and indeed all of us from Africa, I think we also are a bit narrow-minded in our approach to AGOA. Minister Tetteh said we found apparels the easy entry point and many of us did. In Kenya today, if you do not extend the (inaudible) fabric, I'm going to lose 30,000 jobs. Ten percent of the jobs that Janneh's talking about, 300,000 in Africa, 30,000 in Kenya. So, we stand to lose that. So, I have to go back and set up a crisis desk on how to save these jobs. That is where we're at.

The most important thing for the gentleman from the Corporate Council is we see -- I talk about Kenya as my experience, 20 years ago, there were more American investments in my country than today. There have been divesting, moving out, and (inaudible) those that have been there, all of Africa like CNN that make big money in Africa, but what do they do? They'll never tell American corporate entities that you can go to Africa and make money. They only report about coups, famine, a corrupt transaction and so on and so forth. So, they don't quite encourage the corporate entities to come to Africa. I hope your council can help us to do that.

More importantly, I think, more importantly in my view is that AGOA has been very good and AGOA can continue being very good, but we want to go beyond AGOA. One of the problems we find from western corporate entities coming to Africa and I think Rosa mentioned it is that you are stuck in cycles and cycles of seminars and workshops and studies and studies that you have to do a reevaluation. (Laughter) Before they start programs, the competitors from China come and say where is the road you want to build and how many kilometers, what is the timeframe, what is the cost, and they build the road.

So, you find it difficult even for us as government, we have a five-year mandate. You promise an electorate you will build a road, you must build a road. When you come back and tell him you are starting a road that has been there for 100 years, you are shown the door. (Laughter) So, we need to also change these paradigms so that we are more practical in what we are doing in developing finally (inaudible) Africa regional integration and the regional integration of Africa is not an alternative, it's not an option. I think we have a very huge domestic market in Africa.

My country, our number one trading partner is Uganda. Our number two is Tanzania. We are number one investors and so on and so forth. So, Africa must also look internally if we want to grow. If we have to be crybabies about must be extended and what mustn't, then we're unlikely to grow. Let's look internally and supplement externally. Thank you.

MR. SCHNEIDMAN: Thank you. (Applause)

Let me take one more question, ma'am, from you, a short comment or a question.

DR. ASFOUR: I'm Dr. Asfour, vice chair for the COMESA Business Council and the chair for FEMCOM, which is the Federation of Business Women Association of COMESA.

So, let me be the voice of the SMEs and the women entrepreneurs and how can they benefit from AGOA because as AGOA is a very good opportunity, we have to make really popularization among the SMEs all over Africa and the women entrepreneurs and also build the capacity for product development because we have a lot of women entrepreneurs that do a lot of things, but they are really not registered and they are the informal sector. So, how can AGOA be an opportunity for these women entrepreneurs by using the intelligent aid, as Rosa mentioned, and to really have product development as Mr. Abdoulie Janneh said? Because AGOA, preference is about product development, branding, designing, packaging, and adding value to our raw material.

So, really, I would like to appeal here from the panelists and see how can AGOA be a package and putting incentives for private sector America to invest in Africa with the small and medium enterprise to have value addition for the products and to make marketing for such products in America and also make marketing for Africa in U.S. to invest? So, it's really a mutual benefit with both. Thank you.

MR. SCHNEIDMAN: Great, thank you very much. I'll come to you in a second.

I think a lot's been put on the table and let me just pick on some of these points that have been made and take one of the points from the lady from Tanzania who said that governments don't have a national strategy, but it seems with all due respect, ma'am, that Ghana, in fact, has had a national strategy for implementing AGOA starting under Minister Martin and you've continued. I mean, is that the case that you have said look, we have this opportunity. As government, we have to lead this effort and we're going to and that's why you have seen results?

MINISTER TETTEH: We've had a private sector development strategy. So, it's not just talking about developing our private sector to export using the preferences under AGOA, it's about what do we need to do to make Ghanaian businesses more competitive on our local market, bearing in mind that they are going to be subject to import competition within the West African market and then within the other markets where we have preferential trading arrangements. But you see, the challenge or one of the challenges that we have to bear in mind is that we have a very large informal sector and at the end of the day, business is not done by government, business is done by business and you've really got to look at the capacity of your private sector to be able to produce for the markets that you have in mind and to be able to give them the assistance that allows them to be competitive in those markets. So, you have to look internally at a variety of tools and measures to get your private sector to be competitive, to be able to improve your infrastructure, to be able to make it efficient to do business in your economy because without that, you're not going to have the opportunities to even take advantage of some of these preferential arrangements.

I very much agree with the point made by the minister from Kenya, that while it's in our interest to be able to take advantage of regimes like AGOA, the fact of the matter is that we've got to do much more regional integration than we previously have done and just the size of that expanded market then makes us interesting for other people to take the risk to invest in us, as well.

Within the Eastern African region and, indeed, those countries that make up the framework, they've actually made quite good progress. I can't say that we've been able to make the same kind of progress within West Africa. And, so, the challenge for us is to be able as the Africa region, not just looking at East Africa or Southern Africa or COMESA or (inaudible) the central African region, to really make those regional integration arrangements go beyond rhetoric, to deal with the specifics to put in place the structures and systems that allow us to competitively do business with one another and to understand that sometimes you've got to make some short-term tradeoffs in order to have medium to long-term gain. That, I think, is where we have our biggest issue.

MR. SCHNEIDMAN: Great, thank you.

Steve, there were some comments about incentives.

MR. HAYES: Yes, I was thinking about that meeting that I had just right before I came over here. Tax incentives were never mentioned. In discussing what was really needed, it was a discussion of here's what we companies really need for Africa.

Financing was the number one obstacle to investment. It came from the largest corporations in the room to smaller companies.

The issue of financing in terms of incentives versus capacity, when I first came to CCA, I thought well, okay, about 90 percent of the problem is in the Africa side. I don't think that's even remotely close. I think at least 50 percent of the problem is over here and partly media constantly interpreting and we talk about that year after year. It’s not going to change much. They're going to concentrate on crises because that’s what excites people and gets them to look.

But on Kenya, U.S. investors leaving Kenya, that’s true, and this is the case though of the other 50 percent. I think Kenya has to take a good hard look at what’s going on in the last 20 years in Kenya as to why some of those investors have left. I think the changes going on now are very positive, I think under your regime also is very positive, but there's been a lot of damage done and confidence-building has to be renewed in Kenya, and I think that can happen.

We are reaching out to KEPSA. We are taking a trade mission to South Sudan and Kenya in a month and we’re having a meeting with KEPSA where I think what really needs to happen is that the private sectors need to be linking with one another.

Now, the reality is historically, the private sectors in Africa have been weak. And there are some very good reasons for that. But there are countries like Kenya, Tanzania, South Africa, Ghana for sure, Nigeria that have very viable private sectors, but they're not linked up with the U.S. private sector. We need to be making those links. Not AMGM to AMGM, that’s U.S. company to U.S. company. What we need to do is CCA to KEPSA and the indigenous organizations, the Nigerian Economic Forum in Nigeria. Those are the links that need to be made between U.S.

It's a confidence-building in both where two-way trade is possible. And that's the other thing. There are African companies, much to the surprise of most Americans, that could buy out American companies right now. There are very large Nigerian companies; there are very large Kenyan companies, indigenous companies that could be excellent trading partners and investors in America. So, we've got to start making the private sector to private sector links. Government can help that, but it's not necessary to have government there, but the private sectors and the public sectors ought to be talking together.

MR. SCHNEIDMAN: President Janneh, do you want to respond to any of those points?

MR. JANNEH: I just want to underpin the general integration agenda that Minister Wetangula put on the table, and I think when we are looking at the post 15 arrangements, we must see the alignment of that provision to really helping regional integration, particularly boosting African trade. I think this is critical, and in this, you must realize that the African governments have agreed on creating a continental free trade area by 2017.

MR. SCHNEIDMAN: Right.

MR. JANNEH: And it's not unrealistic because already the arrangement is working very well and we are looking at that experience and seeing if we can extend this to the whole continent and Minister Tetteh was very instrumental in this. And what this will do, if we have a free trade area, is a market over 1 billion people with a GDP of $2 trillion. It would change the question totally. So, I think we should then see to what extent would post 2025 AGOA really help move this agenda, particularly in this field of infrastructure and so on so that really, we are boosting into Africa trade but on the Africa side, that becoming an issue is already there.

Then let me say one or two things about aid because it was very interesting to hear. I don't think we should throw it out of the window. I think President Clinton was very clear today when he said aid and trade. I think the problems we have with aid is the mismatch. It is not as he was saying.

If you look at AGOA, we are saying we have not realized 90 percent of the potential and to be able to do that, if you align it with aid in such a way that aid helps us to remove some of those constraints, it will make us whole, I don’t know whether USAID is talking to the AGOA -- I am not sure there's a link between MCA and so on, but if that is done and to say that really, this is what we are going to do to help Africa benefit from the most meaningful trade preferential framework that exists, then it would make sense.

MR. SCHNEIDMAN: Right. I would just put a plugin for our AGI report. I mean, I think that’s one of the recommendations that we make is that not only do we need a trade and investment strategy from the White House, but we need a position where the White House is really implementing an AGOA strategy, too, to make sure that all the agencies are working together.

But, Rosa, I wanted to come back to this last question about the SMEs because in the original AGOA legislation, it was provided that OPEC was going to set up some funds for women and small and medium enterprises. Is that the way to go?

MS. WHITAKER: Well, I think that more broadly, the common thread when you look at what everyone has talked about in terms of SMEs, regional integration, Africa consuming what it produces, producing what it consumes, I think the common thread is just infrastructure. I mean, a lot of it has to do with infrastructure. And, so, there needs to be a focus on infrastructure and here is an area where I think that the Chinese are playing a very important and critical role. The bottom line, you need railways and for a lot of the countries, the railways, for example, they're not bankable, they're not profitable, and, so, American companies will study them, but they're not going to invest unless they have this financing. The Chinese will invest even if they're not profitable in the short-term. They have a broader and longer-term view. We should applaud them for that. And, so, I think the infrastructure is key.

Also, I think for the SMEs, one critical role is this is where intelligent aid could help. One thing that could happen is if you look at the supply chain in some of the big sectors, if you look at the supply chain for cocoa, for coffee, for some of the big horticulture, certainly if you do an analytical examination of the supply chain, you can find areas where the SMEs could play an important role. I mean, even the sacks that some of these products are leaving in. The problem is they probably don’t have the capacity. So, that’s when I would do what you're suggesting. You get those with weak capacity, you link them up with some of the donors, and then you get a commitment from the private sector and you put them in the supply chain. And, so, therefore, you can transition some of these SMEs to be larger.

MR. SCHNEIDMAN: Right.

MS. WHITAKER: I also think that another strategy is what Nigeria is doing and I know import substitution is a bad word, and let’s be clear, for the conventional definition of import substitution, I don’t support it, but I do believe there's a 21st Century import substitution and it’s something that (inaudible) and some of those in Nigeria and that’s talking about producing some of the things that you consume. Like there now the government is moving to replace cassava flour with some of the wheat in the bread in the schools, producing that kind of demand for the products that are grown in the countries, and there are so many other products that you can look at. So, I think we need to be creative and look at a kind of 21st Century paradigm of some kind of import substitution to build that SME and other capacity and create more national income, but not in the conventional way, the way import substitution was when we learned about trade.

MR. SCHNEIDMAN: Yes, that's great.

We've got time for one or two more questions and then we'll give the panelists the time to make a final comment.

Sir, you've been very patient. Over here, hand up.

DR. ALULA: Thank you. I'm Dr. Alula from the Democratic Republic of Congo.

I would like to just congratulate the AGOA organization and also recognize all those African countries who have been working on this program. But I feel sad for my country because of human rights abuse. We have been kicked off the AGOA program and the MCC Challenge. Meanwhile, we keep on losing so many people in our country, 8 to 10 million people still dying up to now.

So, we have, again, a war that is ongoing in the Eastern Congo. But developing the AGOA program, the MCC Challenge, with a big country like Congo with 17 million people, almost 30 percent of the population in Central Africa set aside is really sad, as I can say. But bear in mind, we have 23 trillion of gun reserve known and exploited in this country. We have the electrical power to light all the African continent.

So, what’s your program or how can you help us to take back the leadership in our country and turn around the economic situation of that country? Thank you.

MR. SCHNEIDMAN: All right, thank you.

Yes, Mark.

MS. WHITAKER: That’s something you’ve got to do on your own.

MR. HAYES: That’s beyond the scope of AGOA.

MR. NEWMAN: Thanks to the panel. I’m Mark Newman with Limited Brands. Thanks to the panel for being so incredibly forthcoming and candid. It’s a breath of fresh air in Washington. So, thank you.

A lot has been said. The great success story in the apparel sector, so, I thought it’d be at least useful to hear from one person this entire day who’s actually a customer of that, which would be us. You might notice it was mentioned about the lack of coordination between the government and the private sector. I point out to all of the African guests here for the AGOA forum, when you go to the AGOA forum, ask where the businesses who are the customers are because they weren't invited, just so you know that.

Secondly, I would ask the panel maybe to respond on agriculture. Very little was said about that. Of course, there's each American is allowed to have one teaspoon of sugar every two weeks from the African countries. That’s the limit on the GRQ. The amount of cotton from Sub-Saharan African countries imported into the U.S. is an easy number to remember. In the last 10 years, zero because again, meet a special import quota not part of AGOA, peanuts, tobacco also excluded. Great opportunity there.

And also on the investment, I would ask some of the panel and especially the Honorable Minister from Ghana what does the Chinese politburo know about investment incentives that the United States government doesn't know? Here are, of course, the special economic zones in Nigeria, in Zambia, and Ethiopia, where the Chinese companies can repatriate their profits at half the corporate tax rate in China. So, what do they understand that we don't understand?

Steve, you mentioned finances is important and it is, but that's for the people who are already selling jet planes and bulldozers and things like that, but for people who want to invest in job-creating manufacturing, why would you do it in one place where you have more risk, more complications, where again, you need an enterprise zone. That's why people invest in distressed areas here because there are tax incentives to do so. You want to see the results of that, go to downtown Washington, D.C.

MS. WHITAKER: That's right.

MR. SCHNEIDMAN: That's great, thanks.

Okay, sir.

DR. BOOLELL: Thank you. Thank you very much. Minister of Foreign Affairs from Mauritius.

Now, if there is new outcome on Friday when we have to travel home, it will be a very sad day for the bilateral relations between African continent and the U.S. I think my friend, the minister of International Trade from Kenya highlighted our concerns. They'll be technical layoff and there are many people who are going to lose their jobs. So, what I'm saying is that whether our heads of state should not ask President Obama and remind the administration of the moral and legal obligations that they have towards the African countries. We have heard of seamless extension or of the AGOA and the extension of the third-country fabric, but we are very worried.

And, two, on the issue of retooling of AGOA, which I think is very important, Rosa Whitaker earlier mentioned of Madagascar, which I'm sad to say may become a failed state, but to a large extent, if it's going to be a failed state, the international community, because I don't want to shift the responsibility on the U.S., has to assume its responsibility fully -- which remind me of when there was uprising, what were the policy of the U.S. then? In fact, to increase trade and not to apply sanctions.

Why is it that in the case of Madagascar sanctions are being applied to unduly penalize in respect to what was said by one of the distinguished members of the panel, to unduly penalize the private sector because of offense commented by political leaders and in so doing, they'll be a social chaos and we turning people who are poor into absolute poverty. I think we have to tread very, very cautiously. This is why we need to have a reassessment and reappraisal of the criteria established.

Now, this is in respect of medium-term because we cannot go home without an outcome. There are expectations and we have traveled a long way not to be told that there's seamless extension of AGOA, that they'll be extension of third-country fabric. Think of those people making a living, working in the private sector, in the tuna processing plant, in the textile and apparel industry.

It is true that China is not waiting and look what China has done. When it is facing difficulties because of cost of production has gone up, it is relocating its factories into Ethiopia. And earlier, my good friend, again, the minister responsible for international trade from Kenya was saying, when China comes, let us set aside good governance or rule of law or decency, but they act, they act without impunity, they act very forcefully, and the results become visible and tangible to the common person. This is where America has failed, despite the fact, as Minister Tetteh has been saying, we fully subscribe to the values of America, which is the cradle of democracy. But democracy shouldn't have a price and the price is to reach out to the weak, to the vulnerable, and to the poor. If you want to wage war on poverty, we have to reach out to the poor. This is where I tend to conquer with new incentives and facilities and accompanying measures that have to be dispensed and located to the private sector and reconcile social and economic factors.

Let me take one particular industry. For example, a renewable energy. Solid waste, which can be converted into energy and into compost and which go along with the conference which is going to be held in Rio on sustainable development. We need to reengineer policies, focus our attention on the needs of Africa and Africa is a continent which in my mind is the last frontier where business can generate profit. Africa is willing to come up with new legislative and institutional framework, but the ease of doing business and we can have overarching legislative and institutional framework.

I think the African Union is doing a lot together with Nepal to establish the project infrastructure development for Africa. In (inaudible) only, there are more than $590 billion U.S. dollars of projects in the pipeline, but what is the United States waiting to grasp the opportunities, to consolidate the bilateral relations. This is why I make an appeal to reengineer policy to be practical and to be pragmatic and respond to the needs of Africa. Thank you very much. (Applause)

MR. SCHNEIDMAN: Great. Thank you, Mr. Minister.

Let me turn to the panel for some last comments. I'm sorry we're sort of running out of time. So, Rosa, why don't you kick it off?

MS. WHITAKER: Well, I'll just be very brief, and let me say, Mr. Minister, I absolutely agree and I think a heads of state intervention is very important.

Prime Minster Ramgoolam was one of the first of two heads of state to intervene in AGOA in its infancy and please don't underestimate the call to Mauritius in this town because Mauritius iis often held up as an example of what's working. So, when Mauritius speaks, even in the Congress and the White House people listen because you have some authority because you're a success. I think that what better way to really deal with tyrannical regimes than to combat tyranny with educated, empowered people with resources. So, I do think we have to address this kind of uncertainty.

And let me just also finally say that I think we really need to look at the constituency here, we need to get some alignment between the constituency in America and the constituency in Africa, and as long as you are afraid to challenge and we're afraid to challenge our president here, I'm sorry, or challenge our Congress, we're going to have a problem. And I do it even though I like the president. I knew him before he was president. It's on principle, and you know when those of us, when we do it, we get some results, but there have been too many even Africans heads of state that have met with the president and didn't mention AGOA. So, I just think that I hope that we will come away from this with an energized constituency to get this done.

MR. SCHNEIDMAN: Great, thank you. (Applause)

Minister Janneh, last words.

MR. JANNEH: Two things I want to say. First, I just want to echo what the two ministers said, that we have thousands of workers as uncertainty hanging above their heads and it is the extension of AGOA that would abate that. So, really, we cannot overemphasize the need to make sure that this extension takes place starting with the fabric thing which is expanding now. That's one.

Second, I want to again reemphasize that the regional integration efforts in Africa are creating market platforms that are sufficient economic scale to be attractive to American investment and that really as an emerging African middle class by 2030, this would be 300 million people spending power of $2.2 trillion. And we want to see the United States through AGOA accompany these efforts.

MR. SCHNEIDMAN: Yes, great.

MR. JANNEH: Thank you.

MR. SCHNEIDMAN: Thank you.

Steve?

MR. HAYES: Yes, well, my statement is going to be simply that on one hand, there needs to be public-private dialogue, not simply the United States, but throughout Africa, as well. And it's a very difficult thing to accomplish.

I think some minor points, I want to just follow-up. I'm in the school of thought that China's involvement in Africa is great. Thank God they're building the roads that we're going to be able to use when we start to get over there and investment more. (Laughter)

There are examples of intelligent aid. I feel badly that I perhaps beat up too hard on AID. I'm a big fan of Raj Shah, but and he's got quite a fight with the bureaucracy, but one of the examples of intelligent aid, I think, is supporting what we're doing in terms of the U.S.-Africa Business Center, which is designed to locate partners in Africa for U.S. companies and vice versa. And that's an AID-supported project. So, I think that's a good example. It was unsolicited, by the way. We went to them. Most of the AID projects are already determined too often, but I think there are some very good things going on, as well.

Financing, yes. Enterprise zones, I mean, there's not enough time to cover all subjects that you'd want to. One of the frustrations of being on a panel is you go away thinking of all the things you should have said, but enterprise zones are very, very important.

And I think, again, I find myself in agreement with Rosa, that infrastructure is absolutely a thing that we ought to be focusing on. Infrastructure development. It’s not just roads and rails, it’s electricity, it’s power, it’s areas where we can’t compete with anybody in the world, but there's got to be collaboration of the public-private sector to be able to do that. It’s not going to happen otherwise, and I hope to see many of you at our Infrastructure Conference on next Monday, Tuesday, and Wednesday. (Laughter) Thank you.

MR. SCHNEIDMAN: Minister Tetteh?

MINISTER TETTEH: Thanks. I think what you’ve done with MCC, especially with the way that MCC has focused its assistance has been an example of what can be done properly when you're focused on helping a country to grow as opposed to just looking to make some prescriptions because I think our program in Ghana, especially to support the agribusiness sector has done a lot of good work.

What does China know that you don’t know? I don't think that it’s a question of lack of knowledge; I think it’s always a question of strategy. We have severe infrastructure needs. Those infrastructure needs have to be financed with significant investment. The fact of the matter is the United States and with the exception of the (inaudible) program, which is the reason why I’m saying the MCC Program is an example of how to do this right, with the exception of the MCC Program, has not really made that kind of investment in Africa, but China is ready to do that. Yes, they have a huge appetite for commodities, yes, the financing facilities we are getting from China are backed by our commodity exports, but at the end of the day, we're getting the money to do the things we want to do most.

And they're not telling us where to make the investment. We are telling them where we want to invest and once we get the money and we decide how we want to spend it, it's not their business. And they're not about to give us the prescriptions about we need to do X, Y, Z before we can begin to spend $1. They make a distinction between supporting us in business and dealing with the governance issues, which by and large they don't get involved in.

So, I think that you've got to make that -- that's why I said stop looking at Africa just as an aid case and look at it as a commercial area where you can make significant investments, but where you can make a good return on your investment.

The United States invested in Ghana first. Kaiser Millennium with VALCO. I'm sure VALCO was one of Kaiser Millennium's most successful investments, and yes, the U.S. government supported us to establish the Akosombodo Dam, which has been a major source of hydropower in Ghana for decades since. We haven't had anything on the scale of the Akosombodo Dam and VALCO since then coming from the United States. But you've shown that you could do it before. I think that it doesn't require too much imagination to do it again. (Laughter)

MR. SCHNEIDMAN: Well, thank you. (Applause)

Now, Minister, I think on that note that we could assure you that we will work to arise to the occasion, but on behalf of the African Growth Initiative at Brookings, just let me thank everybody for coming. I think it's true that it's been really I think personally and for all of us quite an extraordinary afternoon, and going forward, the African Growth Initiative is here as a resource and we plan to continue our focus on AGOA. So, we want to stay in touch with you, we want to work with you, we want to look for those ideas and be a center point for putting those ideas together and we will stay in close touch. And just please give the panel a hand and thank you, all, for coming.

(Applause)

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