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Remarks by Ambassador Demetrios Marantis at the Center for Strategic and International Studies

* As Prepared for Delivery *

"I am often asked a simple yet direct question: 'Where is the Obama Administration's Africa trade and investment policy?' For an American president who promised to engage Africa, where exactly is his Administration's trade policy for that vital continent more than two years into his term?

"A precise question deserves a precise answer. So let me show you clearly where our Africa trade policy is. On your way from Roberts Airport to downtown Monrovia, take a right off Tubman Avenue, pull into the gravel parking lot, and step inside the air-conditioned Liberian Women's Sewing Project building. Meet any of the three-dozen seamstresses – and co-owners – of that cooperative exporting apparel to the United States. There you see it – our Africa trade policy – in the eyes of the women whose lives were restored and livelihoods made possible through exports to our market.

"Travel a half hour outside Accra, pull up to the quiet facility run by Josephine and Emmanuel Forson. They will take you to an outdoor workshop to meet their dozen craftsmen and their apprentices carving African stools, bookends, statues, and other crafts for export to the United States. See what they have accomplished and what they plan to do. And witness our Africa trade policy on the smiling faces of men and women who would have few economic opportunities but for exports to the United States.

"Go to Eswatini Kitchens in Swaziland and see how that company's specialty foods exports have changed the lives of over 100 single mothers, many of them HIV-positive, by giving them good

jobs and hope for their families – and see our Africa trade policy. Go to Uganda, South Africa, Lesotho, Zambia, Burkina Faso, see lives improved, jobs created, hope restored, and stronger trade and investment ties – and see our Africa trade policy. In the same way that the United States uses trade to increase exports, grow our economy, and support jobs here at home, our Africa trade policy helps Africans grow their economies and create jobs through exports.

"Where is our Africa trade policy? It is in all of these places and many more, hard at work, country by country, project by project, dollar by dollar, realizing a vision for stronger American ties with Africa.

"This vision is what has propelled this Administration's active agenda. Ambassador Kirk and I have engaged in dozens of formal and informal meetings with African leaders in Washington, Geneva, Kenya, Ethiopia, Uganda, South Africa, Swaziland, Senegal, Ghana, and Liberia. In June, Ambassador Kirk and I will join Secretary Clinton and a large, senior U.S. delegation in Zambia for the annual AGOA Forum. At every opportunity, we are looking to better understand our successes, correct our faults, and plan for new opportunities.

"We have met with many of you -- private sector advocates of our Africa policy -- in many more meetings to hear your frank assessment of where we are and where we must go. We have relied on our Trade Advisory Committee on Africa (TACA), and we look forward to meeting government and business advocates in Lusaka next month.

"At the heart of our Africa policy is AGOA, the African Growth and Opportunity Act. A little more than a decade ago, Republicans and Democrats, businesses, workers, and academics rallied our country to extend a hand to sub-Saharan Africa. For three Administrations, AGOA has defined the United States' trade relationship with this continent, creating success after success. Today, AGOA, which allows for the elimination of tariffs on almost all products the 37 sub-Saharan African countries export, facilitates over $80 billion in two-way goods. Since implementation in 2001, AGOA has helped to expand and diversify African exports to the United States and supplement traditional commodities exports. In fact, since 2001, non-oil imports from Africa under AGOA and the Generalized System of Preferences have grown by nearly 20 percent, reaching $4.0 billion in 2010. These imports include apparel, vehicles and parts, chemicals, and agricultural products.

"But AGOA would be far less effective if Africans interested in exporting could not learn about the program, its benefits, and requirements. That is why in Ghana, Senegal, Botswana, and Kenya, we fund four regional African trade hubs that provide invaluable technical assistance to help African exporters ready themselves for the U.S. export market. The West African Hub in

Accra I visited in February provides economic development and job creation opportunities in 21 West African countries through technical assistance and training to producer groups and export-ready firms in apparel, cashews, handmade home decor, shea, specialty foods, and sustainable fish and seafood. The Trade Hub also helps to make companies in these sectors more competitive by tackling cross-cutting problems in finance, transport, governance, business environment, and telecommunications. In 2009, the West Africa Trade Hub alone facilitated over $20 million in exports, drew investments of more than $1 million, and created nearly 800 new jobs, including over 300 jobs for women.

"We are also working within established frameworks, including our Trade and Investment Framework Agreements (TIFAs) with twelve African countries and regional economic communities. TIFAs provide for broad, substantive dialogue on all aspects of our trade and investment relationship, bringing in agencies and ministries across our governments. Just last year we held initial meetings under two new TIFAs – with Angola and the East African Community. Each discussion is an opportunity to resolve trade barriers, work toward better customs practices, and facilitate job-supporting trade for both sides, from protecting intellectual property rights in Nigeria, to increasing U.S. beef exports to Mauritius, to resolving commercial disputes in Ghana.

"We have six and are negotiating our seventh Bilateral Investment Treaty (BIT) with sub-Saharan African countries. BITs are valuable instruments for facilitating private investment flows, by helping improve confidence in local investment climates. The investment stimulated by these agreements bring much-needed capital and expertise to job-creating industries, deepen trade linkages, and create opportunities for suppliers and workers in both countries.

"The Millennium Challenge Corporation (MCC) is also key to facilitating U.S.-Africa trade and investment. MCC has signed compacts with 13 African countries, totaling nearly $5.5 billion. Many of these compacts are investing in these countries' trade and investment potential, like agriculture competitiveness in Ghana, better infrastructure in Tanzania, and improving the port in Benin.

"Building on all of these initiatives is the Administration's signature new Partnership for Growth (PFG) initiative. Under the PFG, the Administration has chosen Ghana and Tanzania to promote broad-based economic growth through policy reforms and investment. This initiative springs from President Obama's new policy directive on global development and will help us find more effective ways to build on our already strong relationships. In particular, we will aim to reach beyond aid to other policy instruments the United States, Ghana, and Tanzania can bring to bear on increasing economic growth.

“You asked the question, and there is your answer. This is where our Africa trade policy is. This is what we have accomplished and what we continue to do. But you are not the only ones asking questions. The Obama Administration is asking questions of its own. Questions about the future. Questions that need answers. Answers that will not only shape the future of our trade policy, but will also determine U.S.-African trade and investment ties for the next generation.

“First, we are asking tough questions about impediments to Africa’s continued economic growth. Africa is growing, its middle class rising, and there are many success stories. But study after study shows that many African economies are constrained, lack trade capacity, or are otherwise insufficiently competitive to take advantage of export opportunities. It costs about $1,500 to ship a 40-foot container from Dubai to Mombasa, Kenya. Yet the average cost to ship the same container between Mombasa and Kampala, Uganda, is more than twice as much. In West Africa, bribes and unnecessary checkpoints within and between countries add 25 minutes and $72 dollars for every 100 kilometers travelled. Poor infrastructure and customs delays hurt Africa’s agriculture export competitiveness, adding the equivalent of an additional 36 percent tariff to Rwandan coffee exports, and causing 20 percent of other fruit crops to spoil en route.

“These are real problems that hurt Africa’s competitiveness. And these problems mean that much of AGOA’s potential remains untapped. So this Administration is asking questions. Should more of our focus in Africa be on technical assistance, capacity building, and trade facilitation? Can we emulate the successes of our USAID-funded regional trade hubs throughout Africa? Can we build on existing dialogues, like our TIFAs, to focus on trade facilitation, standards, transparency, sanitary and phytosanitary (SPS) measures, and services?

“Should we dedicate more resources to launching bilateral or even regional investment treaties, encouraging private sector investment and private sector solutions to these problems? Should we negotiate transparency agreements to advance measures that promote transparent and corruption-free public institutions? These are questions that need answers.

“Second, with AGOA expiring in 2015, we need to start asking tough questions about our 11-year-old preference program for sub-Saharan Africa. This Administration will work to extend the third-country fabric provision and include South Sudan on the list of eligible countries later this year. But bigger questions remain.

“Should we extend AGOA in 2015 in its current form? What have we learned over the past decade that informs reform and renewal? For example, do AGOA’s country eligibility criteria reflect our values and priorities today? Do we take a stronger line on labor, environment, or

investor rights when considering AGOA eligibility? How do these criteria align with our other preference programs?

"Petroleum exports have been the major beneficiaries of AGOA since its inception. We should think about the incentives that creates for African countries, our economy, and our environment.

"We should also recognize that Africa today is not the same continent it was ten years ago. In another decade it will have evolved further. As sub-Saharan countries grow and develop, how does AGOA reflect their success? Should we graduate middle income African countries? What incentives does that create, and by what process do we graduate a country? Should we more aggressively pursue bilateral trade agreements with any AGOA countries? If so, which model do we use? How do we calibrate our preference program for such a broad spectrum of countries, with differing economic and political prospects? These are questions that need answers.

"Third, we need to ask all of these questions understanding the global economic context as it is today. For example, China is now Africa's largest trading partner and a significant, high-profile investor from Angola to Zambia. India and Brazil are establishing their own trade and investment relationships in Africa. These facts raise practical as well as policy questions. Practically, does a Chinese-built highway in Africa symbolize an opportunity lost for U.S. businesses? Or does better African infrastructure mean better prospects for American investors and exporters? More broadly, what do China's successes in Africa mean about the policy choices we have made?

"Europe's trade and investment policies are also changing Africa and influencing U.S. policy choices. For example, the EU is pushing African countries to negotiate bilateral, reciprocal trade agreements – Economic Partnership Agreements (EPAs) – in place of unilateral preference programs. It has been a controversial move, and the economic consequences are still unclear. What can we learn from Europe's experience with EPAs? What will they mean for our policies in Africa? These too are questions that need answers.

"These are the questions the Obama Administration is asking, and we are intent on finding the right answers. The right, informed answers that will shape the future of our Africa trade and investment policy and anchor our ties to this important part of the world. Answers we need to find in the Administration, and together with Congress, our stakeholders, and our African trading partners.

"Together, with these answers, all of us can work to build a new coalition for Africa. A new coalition that spans all parties and sectors of our economy and can again rally our nation. Together, we can always remember the faces of lives restored, futures renewed, and dreams made reality. Together, we can say we asked the right questions, we found the right answers, and set our Africa trade policy on the right course for decades to come.

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