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U.S. Priorities in Sub-Saharan Africa: Looking Toward the 21st Century

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When the African independence movement was gaining momentum in the early 1960s, officials in the Kennedy administration referred to the continent as the "New Frontier." Nearly 40 years later, with the independence movement having culminated in free and democratic elections in South Africa, the region is now characterized as the "final frontier." The question, however, is whether Africa will remain a frontier or become a neighborhood fully integrated into the mainstream of global life.

The answer to this question does not lie in the United States. Africa's fate is in the hands of Africans, primarily those in leadership positions in a broad range of institutions, especially governments, reserve banks, businesses, the media, nongovernmental organizations, and regional organizations. These individuals will determine to a significant degree whether governments will be democratic and stable, wars will end, human rights will be respected, and national economies will achieve sustained growth and development. They will determine whether the African renaissance, in the words of Nelson Mandela, is wishful thinking or a vibrant reality.

Perhaps more than in any other part of the world, however, conditions and prospects in Africa are influenced by outside factors. The cold war, for example, imposed on the continent a set of priorities that were not its own. In some countries, such as Angola and Zaire, the effects were devastating. In others, such as Côte d'Ivoire, Ghana, and Kenya, governments were able to shield themselves from the more pernicious aspects of the cold war rivalry and pursue policies that made genuine contributions to political stability and economic development.

With the end of the cold war, and with Africans responsible for their own destiny throughout the continent, it is appropriate for the United States to reassess its interests in this part of the world. Conflict resolution, promoting sustainable development, and supporting the process of political reform are still significant U.S. concerns in Africa. Given the commercial and trade links that the United States has developed in Africa over the last several years, however, the time has come to reorder our priorities in the region.

Placing economic concerns at the center of U.S. policy toward Africa would ensure that our varied interests in the region are maximized while also creating the basis for a genuine reciprocity with the continent's governments and people. Such a perspective would not dilute our commitment to pursuing our other security, humanitarian, and political objectives. Adopting a commercial and economic-oriented perspective would, however, emphasize the opportunities for engagement between the United States and Africa as opposed to the obstacles. It would also underscore the fact that the crises in Liberia and Somalia are no more reflective of Africa than Lebanon is of the Middle East or Bosnia of Central Europe.

Trends in U.S.-African Trade and Investment

1995 was a generally good year for U.S. commercial relations with sub-Saharan Africa. U.S. trade with the region grew by about 12 percent to $18.1 billion, following a 6 percent contraction the year before. Globally, U.S. exports expanded 13.6 percent in 1995, while they expanded 22.7 percent in Africa, to $5.4 billion. Imports into the United States from Africa grew to $12.7 billion.

The net result is that two-way trade between Africa and the United States reached a new high, with exports eclipsing their previous high in 1992 and U.S. imports surpassing their previous high in 1993. Moreover, according to figures compiled by the Department of Commerce, 1995 reversed a two-year decline in sales to the region (primarily due to problems in Nigeria) that was preceded by a seven-year string of increases.

The volume of trade between the United States and Africa compares favorably with Eastern Europe and the countries of the former Soviet Union. Even though exports to Africa account for less than 1 percent of U.S. exports worldwide, they were only slightly less in volume than those to the ex-Soviet countries *and* Eastern Europe combined. The United States exports to South Africa as much as it does to Russia, and U.S. exports to South Africa grew by 27 percent in 1995.

Even as Africa is growing in commercial importance to the United States, we are also an important trading partner for the sub-Saharan region. In fact, the United States is Africa's leading export market. Between 1992 and 1994, according to Department of Commerce figures, the United States purchased an annual average of 18.6 percent of Africa's total exports. Over the last five years there has been a trade balance of nearly $36 billion in favor of African countries. Accelerating the flow of African products into the United States is crucial to enhancing sustained economic growth in Africa.

U.S. direct investment in the region was approximately $3.6 billion at the end of 1994. The lion's share of this investment was concentrated in Nigeria and Angola (in the petroleum sector) and South Africa (in the manufacturing sector). U.S. direct investment in South Africa is growing more rapidly than in any other African country; it exceeds the value of U.S. investment in Russia; is on par with that in Turkey, Israel, or India; and is approaching that in China. U.S. investment in Africa generated a striking 28 percent return on book value in 1990-1994, compared with an 8.5 percent return for U.S. direct investments worldwide.

Trends in equity markets have yielded similarly positive news. Portfolio flows to emerging markets worldwide peaked in 1993 at just over $80 billion, but shrank (according to the World Bank) to about $58 billion in 1995. During the same period, portfolio flows to Africa increased. Officials of the African Stock Exchanges Association predict that African exchanges will expand their share of the world equity market from about 2.2 percent at present to about 3 percent early in the twenty-first century. Indeed, within the last two years, nearly a dozen institutions in the United States and Europe have formed Africa-focused investment funds capitalized at approximately $1 billion. Initially, most of these funds were investing in equities on the Johannesburg Stock Exchange. Increasingly, however, the majority of investments are flowing to bourses elsewhere in Africa. Moreover, as Michael Holman, Africa editor of the *Financial Times* (London), points out, the 12 stock markets on the African continent provided investors on average a 40 percent return in 1995. This performance outstrips all other emerging markets, including those in China, Malaysia, Indonesia, and Brazil.

Why the Good News?

Given that Africa is a part of the world often associated with hunger, warfare, and debt, why have there been these encouraging developments in its economic relations with the United States?

In the mid-1980s, many African countries found themselves in severe straits. Years of bad decisions, a lack of skilled manpower (or capacity, as it is now called), and international trends that were not favorable to Africa precipitated an economic free fall on the continent that left many countries worse off than they had been at independence.

When the cold war ended, it became apparent to many governments that macroeconomic stability, not to mention growth and development, could only be achieved through a generally narrow set of policy choices. This message was reinforced by the World Bank and the International Monetary Fund. These institutions made developmental and balance-of-payments financing conditional on adherence to a set of policies designed to cut budget deficits, pare bloated

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government bureaucracies, and lower inflation rates (among other goals). Privatization of state-controlled assets became another key component of the World Bank's structural adjustment program. The privatization trend, along with the proliferation of stock markets, created new opportunities for foreign investors to purchase shares in African companies at attractive prices. In Mozambique alone, nearly 600 companies have been privatized since 1991.

Although the World Bank and IMF on occasion made mistakes in the sequencing of their policy prescriptions that had serious consequences for some borrowing countries, much of Africa's economic decline of the 1980s has been arrested. While some countries (e.g., Liberia, Zaire, and Sudan) are experiencing severe crises, others, such as Uganda, have made extraordinary recoveries from conditions of near anarchy. The majority of African governments have embraced an ethic of economic reform that has created economic opportunities and activity that were hardly imaginable five years ago.

As a result, the prospects for sustained economic growth are more encouraging than they have been in the last two decades. The World Bank, for example, forecasts that sub-Saharan Africa's economy will grow by approximately 4 percent a year between 1994 and 2003, contrasted with about 1 percent between 1985 and 1990. Already, a handful of countries in West, East, and southern Africa have posted gains in their gross domestic products of between 5 and 7 percent as a result of prudent policy reforms. Growth prospects have been enhanced by the process of political reform that has led to elections in 36 sub-Saharan countries over the last several years. Although some elections can be considered more successful than others, taken together they have created the conditions for a new era of stability and accountability in Africa.

South Africa's entry into the community of African nations has had profound consequences for the region. South Africa's exports to Africa expanded by 50 percent to nearly $2.5 billion in 1995, while imports tripled to $664 million. Some 25 percent of the country's manufactured goods are now exported to its neighbors. South African businesses have established an influential presence, in many instances through direct investments, in virtually every part of Africa and in a wide variety of sectors (including railroads, power, mining, transport, retailing, and commercial banking). Not only will this encourage further liberalization in other African countries, but South Africa's commercial and corporate presence inevitably will contribute to expanded market opportunities in these nations. The notion of South Africa as an engine of growth in Africa will become a reality, especially if Pretoria is able to adjust its tariff structure to give African producers and manufacturers greater access to its markets.

Within the United States, Africa's most ardent supporters traditionally have been in the liberal wing of the Democratic Party, the Congressional Black Caucus, the African-American community, and a range of humanitarian, religious, and other nongovernmental organizations. In addition to these constituencies, a number of Africa-focused business organizations have flourished around the country over the last several years. The U.S.-South Africa Business Council, the Corporate Council on Africa, the Africa Trade Forum, and the U.S.-Africa Chamber of Commerce are among the emerging new voices pushing the United States to increase its influence in Africa and, indeed, devote more resources to doing so. In addition, a number of states, including Virginia, Ohio, Texas, and California, have begun to use their state trade agencies to promote trade and investment in Africa. It is no accident, therefore, that many Americans are taking a new and more discerning look at Africa.

The Clinton Engagement

President Clinton's national security adviser, Anthony Lake, opted to make his first public speech after taking office to a group of Africanists at the Brookings Institution in Washington, D.C. in May 1993. At the gathering, he promised that the Clinton administration would be active in the region. In most respects, this has been the case.

Although a full assessment of the Clinton administration's Africa policy will be left to others, several of its contributions are noteworthy. Chief among them was redressing the image of sub-Saharan Africa as a commercial backwater and convincing U.S. business leaders that investments in the region can be profitable. Indeed, it was significant that South Africa was included as one of the Department of Commerce's 10 "Big Emerging Markets" (BEMs)—those markets in the developing world where nearly three-fourths of the growth in world trade will originate over the next two decades. For the first time in the post-cold war era, the United States provided an intellectual and policy rationale for approaching a significant part of sub-Saharan Africa in the same way that it does other developing regions: as being of potentially significant commercial interest.

Equally important were efforts by some in the Clinton administration to redefine the basis of U.S.-African relations. This transformation from a relationship based on aid and donor assistance to one driven by trade and investment (in addition to security and developmental considerations) was achieved in large part by the vision and commitment of the late Secretary of Commerce Ron Brown (in the three years he served before his tragic death in a plane crash in April 1996) and his colleagues at the Department of Commerce. The commercial aspect will play an increasingly significant role in the U.S. engagement in Africa well into the next century.

Perhaps the most noteworthy recent administration pronouncement was the president's "Comprehensive Trade and Development Policy for the Countries of Africa" submitted to Congress in February 1996, as required by the

Uruguay Round implementing legislation. Although the document did not have a cohesive private-sector focus, it nevertheless has generated a serious bipartisan debate, for the first time ever in Washington policy circles and in Congress, on how to promote U.S. trade and investment in Africa.

The administration's preferred instrument for implementing the new approach has been commercial missions to Africa. Although the missions have been dismissed by some critics as a waste of taxpayer money, these initiatives have exposed the U.S. business community to the commercial opportunities on the continent and to the modalities of conducting business in countries that Americans do not know well. During his time in office, Secretary Brown alone made an unprecedented six trips to the continent and visited more than 10 sub-Saharan countries to further U.S. commercial interests. Brown's visits were the most visible, but there have been many other trade missions led by the Overseas Private Investment Corporation, the Department of Energy, and other government agencies.

These Clinton administration trade missions have introduced a brand of "commercial diplomacy" into Africa that has placed economic and business interests on a par with our security and other interests in the region. This commercial diplomacy aims to create opportunities for U.S. firms in new markets and enlarge the U.S. share of the African market from its current level of less than 10 percent (in contrast to European firms, which dominate the African market with a 40 percent share). The Clinton administration has recognized—as have many African governments—that in an era of diminishing donor resources, Africa must have a strong private sector. To achieve this, African countries must attract foreign investment and expand the diversity and volume of their exports and trading relationships.

Several bureaucratic initiatives have contributed to strengthening the ties between the private sectors of the United States and Africa, especially southern Africa. Secretary Brown placed his sole political appointee, Minister Counselor for Commercial Affairs Millard Arnold, at the U.S. consulate in Johannesburg in order to promote U.S. business interests in the region. Vice President Al Gore acknowledged southern Africa's expanding commercial importance to the United States in a visit to Gaborone, Botswana in December 1995 where he signed a memorandum of understanding with the Southern African Development Community (SADC) to boost its efforts to create a free trade area among its members.

In 1994, Secretary Brown launched the United States-South Africa Business Development Committee (BDC). With the creation of the United States-South Africa Binational Commission (BNC) by Vice President Gore and South African Deputy President Thabo Mbeki in 1995, the BDC became an advisory body to the BNC trade and investment committees. The BDC has helped to promote bilateral investment and trade in large part because it is made up of government officials and business executives from both countries. In addition to facilitating the removal of various barriers to commerce, the BDC has helped to dispel misperceptions that each side held of the other. Some South African business executives, for example, had misgivings about the reliability of U.S. companies because so many abandoned South Africa in the mid-1980s in response to the imposition of sanctions by Congress. On the other hand, many U.S. businesses did not understand the complexities of the South African business environment.

The Clinton administration has rightly defended the role of aid in Africa and the continued existence of the Agency for International Development. USAID has contributed to the emergence of an enabling environment for economic growth and social development. The creation by USAID of the $100 million Southern Africa Enterprise Development Fund, designed to provide capital to small and medium enterprises, was a clear signal of the administration's support for the region. Even though the start-up of the SAEDF has taken longer than anticipated, its existence underscores the administration's belief that southern Africa can become a significant marketplace for U.S. businesses. USAID has also given support to the three-year, $15 million Leland Initiative, which will assist up to 20 African countries in establishing full Internet connectivity, promote a private-sector Internet provider industry, and teach African businesses how to use the Internet's powerful information and communication tools to integrate themselves more effectively into the global economy.

It is ironic that the Republican-controlled Congress has tried to dismantle the Department of Commerce at the very time when that department (which has never before shown sustained senior-level interest in Africa's commercial potential) has moved to the forefront in shaping and implementing U.S. relations with Africa. The success of Secretary Brown and his colleagues illustrates the commercial opportunities that exist. Their success also reflects a growing appetite among U.S. businesses—large and small—to explore the markets of Africa.

Reordering U.S. Priorities in Africa

The African landscape has changed since the end of the cold war, and so have our interests in the region. Consequently, our approach must change. The important initiatives that the Clinton administration has taken toward sub-Sarahan Africa, especially to enhance U.S. commercial interests, have not resulted in a comprehensive American policy toward the continent. As President Clinton remarked at the White House Conference on Africa in June 1994, "I do know we need a new policy. . . . I do believe Africa matters to America."

In the decade ahead, the United States should place commercial and economic interests at the center of our policy toward Africa. This would introduce a balance to our goals in the region that has not been clearly articulated in the post-cold war era. Such an approach would not undermine or diminish our commitment to other vital objectives, such as helping to broker an end to civil strife, supporting peacekeeping efforts, enhancing the effectiveness of donor assistance, and furthering the democratization process. On the contrary, it would recognize and accept that our economic interests are complementary to our other objectives in Africa. Moreover, it would strengthen the movement toward economic and political reform in Africa, and contribute to social stability and development.

U.S. political and economic goals are closely intertwined in Africa, as elsewhere. For example, the United States, along with the rest of the international community, wants greater transparency and accountability from decision makers in Africa. This would not only bolster human rights but also enhance political stability and predictability, which are among the most significant factors influencing business decisions about whether to invest in a specific country. The United States has limited leverage to compel governments to become more transparent, but in many respects the rewards are self-evident: greater trade and investment.

A policy that emphasizes the consolidation of U.S. gains in sub-Saharan Africa over the past three years, and places economic interests on a par with our traditional interests, would lead naturally to a "tripolar," or regionalist, approach centered on key countries in the southern, eastern, and western regions of the continent. In each of the three regions, Washington would place a premium on improving economic governance, expanding domestic and regional markets, increasing trade, and other commercial issues, while also giving attention to our political, security, and developmental concerns. Central Africa would not be excluded. Our focus there, however, should be on ensuring that free and fair presidential and parliamentary elections are held in Zaire in 1997 and on helping that country rebuild its civil society. (See "Zaire at the Crossroads" by Shawn McCormick and Bruce Whitehouse, CSIS *Africa Notes* no. 166, November 1994.)

Southern Africa. Except for the violence in South Africa's province of KwaZulu/Natal, southern Africa has entered an era in which, for the first time in the postindependence era, all civil wars have ended. And, except for Angola, all 12 members of the Southern African Development Community (SADC) have been pursuing policies of economic and political reform for several years.

With its population of at least 120 million and its relatively developed infrastructure, southern Africa offers the greatest long-term potential to U.S. businesses and traders of any African region. Washington, therefore, should seek to strengthen those relationships which not only have bilateral commercial and political ramifications but also embrace the region as a whole. It would be appropriate, as an example, to expand the mandate of the BDC (with South African concurrence) to include members of SADC, perhaps through the latter's Council of Ministers.

Such an action would signal the commitment of the United States, and especially the vice president and the secretary of commerce, to the future of SADC as a regional market. Moreover, to view South Africa as the sole desirable destination for U.S. investment when other countries in the region offer opportunities would be shortsighted. Finally, an expansion of the BDC would enhance the ability of the United States to have an impact on significant policy issues in the region, such as the renegotiation of the Southern African Customs Union treaty, SADC's efforts to create a free trade area within five years, and the removal of barriers that prevent greater intraregional trade.

Given that its economy produces nearly 40 percent of sub-Saharan Africa's gross national product (see "South Africa's Foreign Policy Priorities: A 1996 Update" by Greg Mills, CSIS *Africa Notes* no. 180, January 1996), our interaction with South Africa inevitably will be the most prominent of our relationships in southern Africa. Despite the continuing challenges associated with the transition to democracy, U.S. investors have a generally favorable view of the country's economic and commercial potential. Since the elections in April 1994, according to the Washington-based Investor Responsibility Research Center, the U.S. corporate presence has expanded from about 150 to 260 firms with equity stakes, plus some 250 companies that have nonequity ties, such as franchises or representative offices. This is still less than the 300 U.S. firms that had direct investments in South Africa in the early 1980s, before the sanctions movement gained momentum. Nevertheless, U.S. firms are establishing a presence in South Africa at the rate of about five per month.

Problems are inevitable, however, and it is important to have channels of effective communication to facilitate their expeditious resolution and to ensure that commercial difficulties do not harm the broader bilateral relationship. Secretary Brown's appointed representative has been helpful in this respect and any new administration should seek to keep an influential and high-ranking representative in South Africa.

The fact that South Africa (pending another review by September 30) has "provisionally" been removed from the U.S. trade representative's watch list of countries that do not respect intellectual property and trademarks is an indication of the progress that has been made in the bilateral commercial relationship. Washington should also continue to engage Pretoria in a dialogue on other commercial issues such as a bilateral investment treaty, a resolution of the Armscor case, and new antitrust (or competition) legislation being considered by the Mandela government. Furthermore, U.S. firms wanting to bid on tenders offered by the national, provincial, or local governments, or their agencies, are likely to encounter difficulties in terms of complying with offset and countertrade requirements (as Boeing has in its effort to sell long-range commercial aircraft to the South African government). Criteria for offsets are both unclear and politicized.

Angola (currently host to the largest UN peacekeeping force in the world) will also continue to feature prominently in our regional interests. There is a growing consensus in Washington that the war between UNITA and the government is at long last over. Clearly there have been delays in the implementation of the Lusaka Protocol, specifically in quartering UNITA forces, demobilizing excess military personnel, and creating a new integrated national army. Progress is being made, however, and there have been no serious violations of the cease-fire in more than six months. (See "Angola's Elusive Peace" by John Prendergast and David R. Smock, CSIS *Africa Notes* no. 182, March 1996.) Sustained peace in Angola is essential if southern Africa is to achieve its full potential as one of the world's dynamic regional markets. In addition to Angola's oil, diamonds, and other minerals, the rehabilitation of its destroyed infrastructure, among other sectors, holds significant commercial potential for U.S. companies.

In its pursuit of long-term stability in Angola, the administration should factor economic issues more prominently into its negotiations with the government and UNITA. For example, a share of political power for UNITA will not have much meaning unless it is accompanied by a role in overseeing the wealth-generating institutions and economic sectors, now controlled by the government or operating in a state of postwar disorganization. The United States should intensify its dialogue with Luanda to ensure that the government adopts a credible economic reform program.

West Africa. Given West Africa's patchwork legacy of colonial rule by several European countries, the region does not constitute a natural common market. Difficulties created by differences in language, customs, laws, and commercial systems have been exacerbated by political instability and civil strife. Nevertheless, with a focused regionalist approach, the United States can help to overcome some of these barriers to commerce.

Some significant developments augur well for future commercial activity in parts of West Africa. When the CFA franc (the common currency—linked to the French franc—used by 14 African countries) was devalued by 50 percent in January 1994, the move initially sparked a sudden rise in the price of imports in the Franc Zone countries. Some 28 months later, however, the devaluation, along with a rise in world commodity prices, has given a significant boost to those economies dependent on exports of cotton, rubber, cocoa, and other primary products. In fact, seven West African francophone countries—Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger, Senegal, and Togo—posted average gains in their GDP of 6 percent in 1995. Significantly, the economy of the group's locomotive, Côte d'Ivoire, grew by 7 percent, reversing years of recession. Washington needs to take advantage of these developments to become more engaged with the francophone countries in West Africa, as well as Congo and Cameroon. Indeed, by working closely with the Ivorian government, Washington could also encourage the francophone countries to become more active in helping to resolve the region's conflicts, such as in Liberia.

In addition to the cited francophone countries, Ghana stands out as another West African nation where the United States should devote energy to expanding commercial ties. The government of Flight-Lieutenant Jerry Rawlings has for more than a decade adhered to a World Bank economic reform program. The result has been steady economic growth. (See "Increasing Investment in Africa: Lessons to Be Learned From Ghana" by Tamara J. Duggleby, CSIS *Africa Notes* no. 150, July 1993.) While still receiving strong support from the donor community, Ghana has begun to attract foreign investment, in part because of the privatization of state assets and its stable macroeconomic policies. The government's efforts to establish Ghana as a commercial "gateway" to West Africa should be actively encouraged.

Traditionally, Nigeria has been a key U.S. ally. The fifth largest supplier of oil to the United States, Africa's most populous nation remains vital to the future of the region and U.S. interests. Unfortunately, in the wake of the 1993 collapse of a seven-year transition to civilian rule and the rise to power of General Sani Abacha, U.S.-Nigerian relations have reached their lowest point since the Biafran war of the late 1960s. (See "Nigeria: Rivers of Oil, Trails of Blood, Prospects for Unity and Democracy" by Richard L. Sklar and C.S. Whitaker, CSIS *Africa Notes* no. 179, December 1995.) Currently the Clinton administration is locked in a test of wills with the Abacha regime, as Washington threatens to impose new sanctions.

The Clinton administration is justified in insisting that Nigeria return to civilian government and exhibit basic respect for human rights. However, given the fact that the Abacha regime's overriding foreign policy priority is to reschedule payments on its $32 billion foreign debt, Washington should work multilaterally through the Paris Club to negotiate an explicit quid pro quo that would tie U.S. and allied support for debt relief to steps toward the restoration of civilian rule, greater transparency in governance, and meaningful efforts to block drug trafficking. The U.S. government also needs to work more closely with the U.S. business community in Nigeria to strengthen its civil society. Although sanctions should not be ruled out, an effort also ought to be made to restore a dialogue between the two countries. Clearly, West Africa can never achieve its full potential until there is relative political stability in Nigeria.

East Africa. The East African Community was the continent's strongest postindependence regional market until the arrangement collapsed in 1977. Given East Africa's combined population of over 70 million and regional gross national product of between $15 and $20 billion, it is encouraging that the presidents of Kenya, Uganda, and

Tanzania relaunched the cooperative arrangement in mid-March 1996. The revived entity, known as the East African Cooperation, will be headquartered in Arusha, Tanzania. This development reflects the increased trade between the East African neighbors over the last several years. Kenya, for example, exports 40 percent of its goods and services to other African countries, principally Uganda, Tanzania, and South Africa. This is facilitated by the fact that East African Railways has resumed operating between Kenya and Tanzania, and air links have expanded between East Africa and South Africa.

Uganda has assumed an important position within East Africa. (See "Uganda: An Update" by Robley E. Moor, CSIS *Africa Notes* no. 164, September 1994.) Once economically devastated, the country now enjoys the highest growth rate in sub-Saharan Africa, with GDP expected to rise by 8 percent this year after growing 10 percent in 1995. Regarded as a model reformer by the World Bank and IMF, it has attracted nearly $800 million in aid annually. Foreign investors are being drawn by low inflation, liberal exchange controls, and a stable currency. President Yoweri Museveni's decision to return the property expropriated from the Asian community by dictator Idi Amin was a significant early step in establishing an investor-friendly business climate. Although concerns have been expressed about Uganda's "no-party" constitution, the May 1996 presidential election (marked by a turnout of nearly 73 percent of the country's 8 million voters) was clearly a success. An economically strong and politically stable Uganda can only have a positive effect on Central Africa's Great Lakes region—eastern Zaire, Rwanda, and Burundi—that has been torn by violence over the past three years.

Kenya's significant economic gains of the past several years tend to be undercut by a government intolerant of civil liberties, transparency, and political opponents. Corruption, perhaps more than any other issue, has inhibited the country's otherwise far-reaching economic reforms (most recently in the privatization of Kenya Airways) from generating sustained high economic growth and attracting foreign investment. To the north of Kenya, Ethiopia and Eritrea are taking genuine strides in rehabilitating themselves after three decades of warfare. In short, East Africa and parts of the Horn of Africa deserve active U.S. engagement in order to deepen and broaden their positive political and economic reforms and to enhance their commercial ties with the United States.

Defining a New Approach

In eastern and southern Africa, a corridor of economic and political reform stretches from Ethiopia and Eritrea to South Africa. Many countries in West Africa can also be added to this group of nations. The strength and impact of these reforms vary from country to country but they nevertheless justify putting economic imperatives at the heart of our Africa policy analyses and actions. Promoting U.S. economic and commercial engagement in the continent will, and should, assume greater primacy in our relations with Africans and African governments.

The next U.S. administration, whether headed by Clinton or Dole, has an obligation to develop and articulate a comprehensive and integrated policy toward sub-Saharan Africa based on promoting four fundamental objectives: trade, investment, security, and sustainable development. Such a policy needs to be regionalist in nature in order for the United States to respond to the differing circumstances among and within East, West, and southern Africa. To launch such a policy, the president of the United States should make a visit to at least one country in each of the regions early in the next administration. The time is ripe for such an initiative. A presidential visit would help to consolidate many of the gains of the last several years, especially in terms of trade and investment, and it could serve as an unambiguous signal of U.S. support for those countries committed to economic and political reform. Most important, the visit would create the context for U.S. engagement in Africa into the twenty-first century. It would provide an opportunity to address many of the key issues that will affect our future involvement in Africa, such as debt relief, tariff reform (both in the United States and Africa), the fight against corruption, and Internet connectivity.

It is vital that the highest levels of the U.S. government signal their African counterparts that we will have an active and expansive involvement in the region. The next administration should appoint high-ranking representatives in West and East Africa to promote U.S. commercial interests in these regions, while maintaining our representative in southern Africa. A decision should also be made on who in the U.S. government will have primary responsibility for overseeing and coordinating U.S. trade and investment activity in Africa, be it an official in the Department of Commerce or State, the U.S. trade representative's office, the National Economic Council, or another agency.

It is equally important to signal to other external actors that the United States will be engaged on a competitive basis in Africa. We are more likely to see a contest between U.S. firms and corporations from France, Britain, and Germany, as well as other European nations, for market share and investment opportunities rather than the traditional struggle over political allegiances or votes at the United Nations. In South Africa, the United States will want to watch closely Pretoria's negotiations with the European Union over the creation of a free trade agreement. Such an initiative is to be welcomed if it provides a genuine economic stimulus to South Africa, particularly in creating jobs and skills training. The agreement should be carefully scrutinized, however, to ensure that U.S. firms are not subjected to prejudicial treatment on commercial grounds and that the pact does not run counter to World Trade Organization practices.

U.S. firms will also be competing with companies from Japan, Malaysia, Taiwan, South Korea, India, and China that are looking at the positive trends in Africa and exploring ways to benefit from them. Trade between China and all African countries, for example, totaled $3.9 billion last year, a 56 percent increase over the previous year. South Africa's trade with its Asian partners is growing faster than with any other region of the world. And many of the companies with which Americans will be competing in South Africa and elsewhere on the continent will have the support of their governments in ways that are proscribed by U.S. law.

In addition to adopting a regionalist approach that places particular emphasis on East, West, and southern Africa, the next administration should give careful thought to the recommendations of the bipartisan congressional African Trade and Investment Caucus. This body has developed a framework that advocates the creation of a free trade area consisting of the United States and African countries committed *inter alia* to economic reform, privatization, and the reduction of tariff and nontariff barriers. Overseeing the free trade area would be a U.S.-Africa Trade and Economic Cooperation Forum that would bring together in annual meetings with their African counterparts the U.S. secretaries of State, Commerce, and Treasury and the U.S. trade representative. The Caucus also advocates the creation of a private-sector Africa Trade and Investment Partnership that would stimulate commercial activity in such areas as infrastructure development, financial services, and agriculture.

The positive trends in Africa notwithstanding, there should be no illusion about the difficulties ahead, which start here in the United States. With the death of Secretary of Commerce Brown, the United States lost one of its most energetic and skillful practitioners of commercial diplomacy in Africa. Meanwhile, several of Africa's most articulate advocates are retiring from Congress, including Senator Nancy Kassebaum (R-Kansas), Senator Paul Simon (D-Illinois), and Representative Harry Johnston (D-Florida). The void created by their departure will not be easily filled, especially in the House of Representatives, where the chair of the Subcommittee on Africa of the International Relations Committee, Representative Ileana Ros-Lehtinen (R-Florida), has not yet found the time to visit the continent. The creation of the African Trade and Investment Caucus is therefore a welcome development.

As the International Finance Corporation concluded in its 1995 report *Building the Private Sector in Africa*, "doing business in Africa is tough." Many of the challenges are structural. For example, the continent has an external debt of $233 billion and in 1995 saw its debt-to-export ratio increase to 270 percent. East Asia, in contrast, saw its debt-to-export ratio decline to 83 percent in 1995. In many African countries, the infrastructure is weak and the rule of law sporadic. Indeed, the list of Africa's problems is well known and it is a lengthy one.

An historic opening exists, nevertheless, to facilitate many parts of the continent joining the mainstream of the global economy. In doing so, the United States has a unique opportunity to redefine its own interests so that they are more convergent with the interests of African governments and relevant to their objectives, and to help U.S. companies enter new markets that in the twenty-first century are likely to become increasingly dynamic. Placing our commercial and economic interests at the center of a regionalist policy toward the continent would help the United States adopt a more country-specific approach toward Africa. A regionalist policy would also lay the groundwork for revitalized win-win relationships with many governments in the sub-Saharan region.

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