

Center for Strategic and International Studies

TRANSCRIPT

## The Trade Guys Podcast

# “A Yes, And Strategy for Trade with Africa”

RECORDING DATE

**Tuesday, August 13, 2019**

SPEAKERS

**Judd Devermont**

*Director, Africa Program, CSIS*

**Scott Miller**

*Senior Adviser, Abshire-Inamori Leadership Academy, CSIS*

**William Alan Reinsch**

*Senior Adviser and Scholl Chair in International Business, CSIS*

HOST

**Jack Caporal**

*Associate Fellow, Scholl Chair in International Business, CSIS*

*Transcript by Rev.com*

Scott Miller: I'm Scott.

Bill Reinsch: I'm Bill.

Bill & Scott: And we're the Trade Guys.

Andrew Schwartz: You're listening to The Trade Guys, a podcast produced by CSIS where we talk about trade in terms that everyone can understand. I'm H. Andrew Schwartz, and I'm here with Scott Miller and Bill Reinsch, the CSIS Trade Guys.

Jack Caporal: I'm Jack Caporal, filling in for Andrew Schwartz. In this episode, we welcome another in-house guest. Judd Devermont is the Director of the Africa Program here at the Center for Strategic and International Studies. He's also the host of Into Africa, another great CSIS podcast. Before coming to CSIS, Judd served as the National Intelligence Officer for Africa and was the CIA's Senior Political Analyst on Sub-Saharan Africa. On this episode we discuss the Africa Growth and Opportunity Act Forum, which recently took place. There, the future of trade between the U.S. and Africa was high on the agenda. We asked Judd to give us an update and much, much more on this episode of The Trade Guys.

Jack Caporal: So, I'm filling in this week for Andrew Schwartz, who is taking his rising football star son to college, and we have a very special guest joining us, Judd Devermont. He's the director of the Africa Program here at CSIS, and we've spent a lot of time, I think, talking about North America certainly, and Asia certainly, but we haven't talked a lot about Africa. In and of itself, I mean, we could spend multiple episodes on that, but we're very lucky to have Judd here. He has a whole breadth of experience when it comes to Africa, and Judd also hosts Into Africa, which is a CSIS podcast biweekly here that focuses on African politics and policy. So, welcome Judd.

Judd Devermont: Thanks for having me.

Bill Reinsch: And we've never had a real spy before, or at least one that admitted it.

Scott Miller: None that we knew of and admitted it. That's right.

Judd Devermont: Well, I'm honored to be your first, and this is a little payback for me because Bill was on our podcast and it was one of my favorite episodes.

Jack Caporal: Well, let's try and replicate the success. The U.S. trade picture with Africa is really interesting because it's a growing economy, growing population, and yet the trade numbers are just, in my opinion, somewhat horrendous. I mean, we've had a declining overall trade sum with the entire continent for a decade and I think Scott, before we started recording, you said it was less than a rounding error, right?

- Scott Miller: Not only are the trends bad, okay, exports are falling, imports are falling, but the absolute level is minuscule. This is a continent with about two and a half trillion dollars of output, total continental GDP, 2.5 trillion, roughly speaking. There's \$50 billion of two-way trade, excluding crude oil. So, the amount of goods trade, take the hydrocarbons out of it just because that trade is different in kind and character than the way we typically look at goods trade or even services trade, 50 billion out of 2.5 trillion in output? We're kidding ourselves. I mean, there's a problem here. Now of course the problem may be math, which is, it's a long way, there are more efficient sources for a lot of the goods that the U.S. imports, there are more efficient sources for a lot of the goods that Africa imports. And so there may be real, sort of serious physical obstacles to this, but what's really going on here?
- Judd Devermont: Yeah. I think that one of the biggest challenges is there are real and perceived risks of investing in Africa. I think our private sector is sometimes uninformed, sometimes skeptical, and sometimes downright scared about investing, that it could have these reputational cost risks, and that they may not get the returns they want. American private sector is a little selfish sometimes. I think they want frontier returns with no risk when they invest in Africa.
- Bill Reinsch: Of course. Why would anybody want anything else?
- Judd Devermont: It's a good deal, right? And on the other side, I mean, this is a very fragmented market, right? 17% intra-Africa trade. You can go look at Nigeria with 200 million people or you can look at countries that have sub-million people, and so very difficult to scale your investments in Sub-Saharan Africa.
- Scott Miller: Yeah, there's no question. Look, we're Americans. We want our cake and our ice cream. Okay. We don't want, really, to worry about gaining weight when we eat the cake and ice cream. So that's just being us. But, Africa presents some unusual challenges. It's a massive continent. It has very little internal mobility opportunities. There's no Mississippi River in Africa. There's nothing that would foster commerce efficiently other than the roads that have been built and the infrastructure that's there. But if you look at even the coastline of Africa and the number of container ports in Africa, relatively small given the massive physical geography, but you made the point of scale, and that is really what most American firms are looking for is either scale or rapid growth. And neither one is available in Africa. And your note about intra-African trade is really staggering. I didn't realize it was so low, but if you look, over half of European trade is intra-European, over half of Asian trade is intra-Asia, and so that's really where the commercial ties get built, that's where you begin to demonstrate economic efficiency, and that's where you start to, as firms, you start to be a candidate to join supply chains.
- Bill Reinsch: How much is infrastructure and transportation the reason for that or are the economies simply not compatible?

Judd Devermont: I think that it's both, right? Sub-Saharan Africa has the lowest road and rail density in the world, so just the physical connectivity is weak, but then there's all of these regulatory problems. There are places where there is better integrations, for example, in the East Africa community. There are currency zones, monetary zones where there's better interactions. So, in West Africa, you have the francophone currency called the CFA, or the CFA, and that is aligned to the euro. And so, a French company or European company that's investing in Mali is going to have an easy time expanding into Burkina Faso because it's the same currency, but that only covers a couple of countries. In fact, really in the weeds, the CFA, the CFA, there's a West African version and then there's a Central African version and they're not compatible. So, there's a tremendous amount of regulatory challenges in addition to the infrastructure ones that have to be resolved.

Scott Miller: Now, down the calendar back, maybe a dozen or 20 years, there were three prominent trade blocks. There was ECOWAS, so the East Africa, there was a West Africa one, which I forget the acronym, and there was SACU, which was a Southern Africa Customs Union. Do those still exist? First question. Second question is how will those be integrated together in this Pan-African comprehensive agreement?

Judd Devermont: So, there's eight regional economic communities, some of them more real than others, we won't talk about the Arab Maghreb Union that, you know, includes Libya. But, ECOWAS in West Africa, the EAC, SACU, or SADC, which is part of the sort of the political economic element of it, those are real, and we've seen some progress between those different regional economic communities. And then as a larger unit, as part of the Continental Free Trade Agreement, in 2014 SADC, which includes SACU, the EAC, and then a group called COMESA, which is both North African, East African, signed a tripartite agreement. It took them three years, but they actually worked through, it's 26 countries, they worked through all of the different regulatory challenges and ultimately, I think that's going to be a building block. In fact, I suspect most of the CFTA will be built on that tripartite trading block because almost all of those issues are already agreed on and its half of the continent.

Jack Caporal: So, let me just ask this. The CFTA, the Continental Free Trade Agreement, African countries are making decent progress there, and hopefully that would resolve some of the regulatory issues that might be dissuading U.S. companies from investing in Africa. But I mean, does the U.S. have a role to play in making the environment in Africa or certain countries in Africa more attractive to their companies or should we kind of be sitting on the sidelines, which it appears as though we've been doing largely for the past 20 years, if not longer?

Scott Miller: Well, don't forget what's behind door number three, which is not just on the sidelines, but trying to make progress on an initiative that no one wants. In this case, a bilateral free trade agreement with a single economy.

Jack Caporal: Right. Well that's the other question, right? I mean, the administration clearly wants to negotiate. On a bilateral basis, it says it wants to do so with a country in Africa and create this kind of model agreement. Meanwhile, you have signals coming from governments on the continent that-

Scott Miller: We're not interested.

Jack Caporal: ... all or nothing basically, right? And so, unpack a little bit what you think the administration's approach should be when it comes to creating a better business environment in Africa.

Judd Devermont: The Continental Free Trade Agreement is the biggest deal that's happening on the continent, something that it was sort of envisioned and dreamed about starting in the 1960s, and it's got a long way to go. But everyone who follows Africa is impressed with how speedy this process of signing a ratification has been. I mean, beyond our wildest dreams. And now we've got, between here and 2030, best case for the full implementation, but they're moving with some speed. They've got a secretariat now in Accra, and they're working through some of these challenges. The U.S., as you and Scott alluded to, is really lukewarm about this. Now you can pull out a couple of statements where they talk about how it's positive, but they really just want to do an FTA and the Africans are like, "You know, we're in a totally different place than you. We've got this important initiative, which most of U.S. private sectors are actually very excited about, and you're talking about this one CFTA." So, I think the U.S. has to get off the sidelines. I think it can work through some of its trade regulations and trade partnerships in conjunction with or concurrent with the CFTA, but it's got to change its rhetoric. I mean, we have to be rowing in the same direction at minimum, and right now there's still, I think, a latent opposition to what the CFTA means and a deep skepticism about the CFTA.

Bill Reinsch: What's the basis for the skepticism do you think?

Judd Devermont: Because it's a very difficult thing to put together.

Bill Reinsch: Oh, they just think it won't work-

Judd Devermont: They just think it won't work.

Bill Reinsch: It won't end up being anything real.

Judd Devermont: Yeah, exactly.

Scott Miller: So political will's really important to delivering these things.

Judd Devermont: Yeah. Even in ECOWAS and the EAC, which have freedom of movement agreements, some trade agreements, they don't implement them fully. So there's inconsistency. So, the skeptic in policy says this will never happen. The timelines are different between AGOA's renewal and the CFTA, and we

have marching orders to do an FTA. And so that's where we're going. And now you've got a statement out of the AGOA Summit, from USTR, saying that we would work with the Africans on the CFTA, but if you kind of peel back what they were saying, it wasn't a commitment to the CFTA, it just says issues of mutual interest.

Jack Caporal: Right. And so AGOA's the African Growth and Opportunity Act, which is a preferential trade arrangement between the United States and countries in Africa, where those countries can export to the U.S. duty free, quota free certain products. That program expires in 2025, and there's been hand-wringing, I would say, about what comes next, because I don't know that there's much appetite to extend a preference program. I think this administration wants to create a more, shall we say, reciprocal, to borrow from their dictionary, trade arrangement with the continent. But what I don't understand or what I can't wrap my head around is why the administration would be opposed to efforts that would increase intra-Africa trade. Right? So, that's kind of what makes Asia a really attractive place for U.S. companies to do business because they can set up a supply chain in the region and it it's more efficient.

Scott Miller: That's a great question, Jack. Because if you look at it, AGOA was kind of the old ... It was the old hub and spoke model that went all the way back to the 70s, and really textiles and apparel trade under a quota system that was heavily managed. But that was all a point to point trade. And AGOA was kind of the last of these preferential agreements that was laid on top of other preferences. And there was a lot of hope that it might work; that it might stimulate investment in the apparel sector, might create some job opportunities. It looks, by all measure, that it's completely failed. I mean, if I were a member of Congress looking at the trends in trade and looking at what exactly the preferences are used for – I think most important – I think the principal use of preferences is on crude oil. But it's one of these things. I'd look at that and said, "Why is this worth the effort?" I'd be looking at something else entirely. Not to say AGOA's bad. I thought it was an initiative that had lots of merit and was a good idea and worth doing. But there are some things ... It's pushing water uphill I think is-

Bill Reinsch: Why hasn't it taken off? Judd, why hasn't it taken off? Do you know?

Judd Devermont: I think it's a lot about the enabling environment. I think that for the apparel industry, I think that they weren't able to compete with China. So, I think there's an ecosystem challenge for Africa and an education on the U.S. private sector.

Scott Miller: There's both competitiveness and logistics elements that are almost impossible to overcome. So even in items...Apparel items have some of the highest tariffs, as we learned from Steve Lamar when he was here. I think there's a 10% tariff, and AGOA makes it zero from Africa, but say 10% from-

Bill Reinsch: Cambodia.

- Scott Miller: ... Bangladesh, Cambodia, wherever. Just Ad Valorem tariffs. Okay. There is more than 10% efficiency in the way things are produced in South East Asia and the logistics to deliver from Southeast Asia that a 10% tariff is simply too low to offset competitors' disadvantages.
- Judd Devermont: There's a report from the Center for Global Development that points out that African labor, relative to other developing regions, are the most expensive and the least productive. Because transportation costs, food costs; those are all pushed onto the employer. There's issues just about getting to work.
- Scott Miller: Sure. But what makes labor efficient is capital, and there's no investment. African laborers could make a good living using machines because that would make them more productive. But without the investment, you can't square the circle.
- Judd Devermont: I just want to get back to Jack's point earlier about this administration. There is some continuity between the Trump and the Obama administration around AGOA. When AGOA was renewed in 2015, USTR published a paper called Beyond AGOA. It's actually really good. I can't believe how often I reread it. In that piece they provide a spectrum of options in terms of what we could do. They include partnering with REX, partnering with ACFTA, which was nowhere where it is now. So, I think the diagnosis of the problem has been consistent across administrations, but it's a little troubling and hard for me to figure out why this administration has pushed to the sideline all of the other options in that paper written by USTR bureaucrats, and it's focused only on the FTA.
- Scott Miller: Well, let's add in one more element that is, I think, may provide some new impetus, which is the advance of communications technology. I mean, I've looked at this, not recently; you'll be more current on it. But the growth in mobile communications is just astronomical in Africa. We're talking 1.3 billion people, so it's the population of China who are all of a sudden connected. We're going from an era of state-owned monopoly phone systems, where there were in some cases hundred year waiting lists to get a hard telephone line, to people checking markets every morning on their mobile phone that they've charged with a solar panel. So what's happening here and how do you take the whatever action is happening between governments to liberalize trade, and use the vector of advanced communications to get people together. Get them trading.
- Judd Devermont: Yeah, I think this is a great question, and this is what Africa optimists like myself think about a lot in terms of leapfrog capacity.
- Bill Reinsch: For our listeners, explain the leapfrogging phenomenon. Make sure everybody understands that.
- Judd Devermont: Yeah. Let me give you an example; one that people really like to say. There's the expansion of drone technology right now in Sub-Saharan Africa. There's a company called Zip Line, which is working in Tanzania and Rwanda, and

moving blood transfusions through drones. So, a leapfrog example here is that roads; who needs roads? We'll move things via air. Cell phones was a huge leap frog. They didn't have the landlines.

Bill Reinsch:

They don't have landlines.

Judd Devermont:

So instead of doing it evolutionarily like we have, the technology can allow them to jump phases. There's about 47% of Africans have unique cell phone, like subscription SIM cards. The number of cell phones is much larger than that because lots of people have two or three or four. Then on the internet penetration side, it's only about 27%.

Scott Miller:

But that's up from almost zero 10 years ago, right?

Judd Devermont:

Almost zero, right. So it's a huge growth. And GSMA, which is the GSM Trade Association, says that Africa is going to have the fastest growing expansion of cell phone and internet access in the next couple of years. So, lots of growth opportunities, and I think lots of opportunities for U.S. businesses. What's really remarkable is that you've got this explosion of cell phone access and internet penetration. At the same time, everywhere else in the world, data is getting cheaper. In Africa, it's getting more expensive, so you have a lack of competitiveness.

Bill Reinsch:

Why is it getting more expensive?

Judd Devermont:

I think because there are usually one or two cell phone providers in each country. Some countries still have monopolies, like Ethiopia. I just think there's a competition issue that isn't bringing down the price.

Bill Reinsch:

Lack of competition.

Scott Miller:

Well last I checked, there were a number of U.S. firms who are world class in things like telecommunications and delivering services digitally. Where are they? Are they part of Africa? Is anybody in the government encouraging them to do that? Do we have a plan?

Judd Devermont:

I 100% agree with you. I've been working on trying to figure out why U.S. companies aren't involved in this sector because the opportunities are endless. The U.S. government has just unveiled this thing called Prosper Africa. They did it in June in Maputo at the corporate council in Africa. What it really is, is a coordination mechanism. Can we get the U.S. government to work better together, and that way companies can access all of the goodies that we offer? What I think is really missing in that is signaling what sectors American companies are competitive in. The number one would be ICT and digital. When I talk to U.S. officials, they're reluctant. They don't want to tell the private sector what to do. But given that we have some knowledge gaps when it comes to Africa and the market, I think the private sector would welcome the U.S. government to say we think there's an opportunity here.

We can put together some resources to help in terms of dealing with risk, equity, insurance.

Bill Reinsch:

I can give you my theory on why the private sector is reluctant, and it's one word. Corruption. It's endemic in some of these countries, Nigeria being an example. Americans like rule of law. They like to be in countries where, knowing that there are going to be commercial disputes, because there's always commercial disputes. But they like to be in a country that has a transparent, reasonably efficient, reasonably objective process for adjudicating them. They don't have to win all the time, but they have to feel that if they feel wronged, they have recourse and that some point in their lifetime they're going to get an answer. The endemic nature of corruption, first of all, gets in the way of that. Second of all, it creates an enormous uncertainty dilemma. Because if you have to buy people, they don't stay bought. So, you don't have confidence even that the arrangements you make, and to put it politely, are going to stick because there isn't any means of ... This is all outside the scope of the law anyway. There's no means of making them stick. Third, of course, Americans are in a particularly difficult position because we have very strong domestic rules against participating in corrupt activities abroad. We have a Foreign Corrupt Practices Act, and this particular administration, I think, has not been as aggressive in prosecution as the last two were. The trend toward more effective, more aggressive FCPA prosecution only began in the Bush administration, but the Obama administration has continued it. But it seems to me if I were an American company, I would look elsewhere. I would look to the rule of law countries if I could find one.

Judd Devermont:

Yeah, you're exactly right. So, the question is, what is the balance? How much should we be focusing on what the trade arrangements actually are, and how much should we be focusing on the regulatory environment and dealing with corruption? There are ways. I mean, we have indices like Transparency International, etc. But I find that Africans are very responsive to indices, sort of race to the top exercises. We could point to scorecards like MCC and others. What I would be focusing on, and apparently this is in Prosper Africa but it's a minor note, is communicating, measuring some of these challenges including corruption but also the ability to get licensing, arbitration issues, making that public. I think the Africans would work very hard to be successful at that. Rwanda may cheat on it. If you read the Financial Times today, you can have a little more sense of how Rwanda kind of juggles its numbers. But it would sort some of these challenges for an American consumer. You can go onto these indices, whether it's a world bank or otherwise, and have a sense of what is perception and what is reality in terms of risk and corruption.

Bill Reinsch:

Speaking of recent stories, did you see the Post this morning? It had a fascinating story about this 11-year-old girl in Kenya who's a chess prodigy. She's one of these rare people that is brilliant at chess, and she can't get out of the country. She gets invited to all these international tournaments, and she can't get out because she doesn't have a birth certificate, and she wasn't

born in a hospital and the Kenyan bureaucracy ...And, this is a common problem, it's not unique to her, but the Kenyan bureaucracy, apparently, can't cope with this. And, in a sense, they're wasting an enormous asset, and, aside from affecting her life, this would be a huge plus-

Scott Miller: Oh, absolutely.

Bill Reinsch: ... to have chess prodigies coming out of Kenya, but they're wasting the opportunity.

Scott Miller: But you look at this total situation, that's a great illustration of how government policy might want to be used in the U.S. to color outside the lines here a little bit, try something new. Because, if you look at our conversation, 20 years of AGOA, where we actually tried to jumpstart an apparel business in Africa, and create some employment, that didn't do it. Okay? So, preference programs don't work. When you look at just a regular MFN trade, Africa can get industrial goods much more inexpensively, much more efficiently, from Europe, and does. Okay? We can get the products Africa does export more efficiently from elsewhere, and we do. And so, there's no leverage here. The president always looks for leverage. \$50 million in a \$2.5 trillion output economy is no leverage at all. And so, trying something nobody's tried before seems like something they ought to do, and working on the issues that Bill mentioned, particularly transparency, and things that either circumvent or overcome corruption would be, I think, a big opportunity. It's not going to produce short term results because nothing has. Okay? It looks like it's time for something new. What would you do if you were named Africa's tsar this afternoon?

Judd Devermont: Well, I would do a lot of the things that we're talking about right here. I would try to think about how do we liberalize some of our visa opportunities and free movement of people, particularly on the education side. We could do a tremendous amount of work on educating Africans. It's the 60th anniversary this year of the Kennedy airlift, which brought lots of East African students to the United States, including president Obama's father. I think we need to reprise some of that educational role. Carnegie Mellon is now in Rwanda, American University is in Nigeria. So, there's lots of creative ways to do on the education side. I think we need to put much more of a spotlight on the enabling environment, as we just talked about with Bill, and I think we need to go all in on some of these regional economic communities in the CFTA. I mean, robustly with rhetoric, and we should be embedding people into the secretariat, because it is going to benefit our companies if they get this right.

Scott Miller: It'll help them achieve scale.

Judd Devermont: Yeah.

Scott Miller: Okay? It'll make everybody more prosperous there. Okay? Which is what we need to be able to sell things there, but the whole notion of tying together

Africa will only have results in the long term, but you've got to start it now, and you've got to use the technology levers that you have.

Judd Devermont: And we're losing points. Because we've been so ham-handed about this, everybody else, the Europeans, the Japanese, the Chinese, they've been fighting with themselves to be the most congratulatory about the CFTA, and we have been, press statement here, barely. And so, the Africans are, "Why aren't you on board with the most important thing we're doing?"

Bill Reinsch: Listen, I want to pursue that for a minute. Have you looked at, or done any work, contrasting the European approach to economics, with the American approach? Because, they have a set of preference programs, just like we do. And, my impression, I'm not an expert on it at all, my impression is there are problems there too, but they've approached it a different way. Have you looked at that at all?

Judd Devermont: A little bit. It's been a wonderful transition from being a political military analyst, to now trying to understand the world of high finance-

Bill Reinsch: Well, you're on The Trade Guys. So, you can't talk military.

Judd Devermont: But so, the Europeans have what are called EPAs, Economic Partnership Agreements. So, they're more bilateral tariff preferences. So, they have been able to lower some of their tariffs, and the Africans are doing it more superficially, or more shallow, but they're doing it as well. And so, those are, actually, locking, either reinforcing, or opening up new opportunities for Africans to trade with Europe. And, I think AGOA has not given us the ability to compete with that. And so, that's where, where they are right now. But-

Scott Miller: How are they handling the CFTA? The ACT, the FTA?

Judd Devermont: The EU president made a huge speech at the end of last year talking about how important it was, and how they see some of their migration challenges that would be, ultimately, solved by this integration. So, I think they're looking at it much more big picture than we are, which is largely through this trade lens, and unilateral, bilateral, trade agreements. The Europeans see all of the downstream positive effects of a CFTA, even if they, I don't know, but I presume, they have some skepticism about whether when it will be implemented, but they're in whole-hog.

Jack Caporal: Speaking of big picture, so some folks, when it comes to U.S. engagement in Africa view this...view the continent as a battlefield with the U.S. on one side and China on the other side. And, what I liked about your recommendations, John, about how if you were the Africa czar, what would you do is, they were all proactive suggestions, doing things, making use of what American companies are best at, and not doing things like building roads and bridges and drones, although there are some good American companies that build drones-

Judd Devermont: We can build drones. I'm fine.

Jack Caporal: Essentially, we're not trying to compete in Africa with China doing what China does best. There are some commentators that would say, "We've got to take them on." And, what do you make of that? Is it useful to view Africa as this battleground, this part of a chessboard between the U.S. and China that needs to be fought over?

Judd Devermont: I think we need to be much more nuanced about our China Africa policy. We have not been able to articulate, at least publicly, what are our actual priority is when it comes to addressing the China expansion and footprint. It seems like it's everything, which is clearly not a strategy. So, there are a couple of things that I would think about. Most of them are not actually in the economic sphere that I would be worried about. Whether it's about their military presence or the relationships they're building, people with Africans, or the ICT and what that means for counter intelligence. On the economic side, it's really quite simple. We need to focus on what we're good at, and when it comes to things we're not good at, we need to be above the fray, and we need to help the Africans negotiate the best possible deals with the Chinese. I always think that we should take the line from improv, which is yes, and. Yes, take the Chinese money, and we can help you structure these deals in ways that are more beneficial to you, our African partner, and are not discriminatory to our companies. So, if we're not going to build the rail in Kenya, I'd like GE to have a chance to put the engine on that rail. And, we know that when Chinese companies operate within constraints, they, actually, can be quite high level. So, the World Bank, there was a study done by SAIS-CARI, John Hopkins, that said that Chinese road projects under the World Bank are just as good as any OECD road. And, we have seen the Africans negotiate better deals with China, in terms of addressing some of the labor practices, environmental practices. So, we could do a lot more in terms of, especially, if our company is not in the process, helping the Africans with the engineering evaluation, with the environmental review, or if we're not comfortable doing that, then we invest that into the African Development Bank, or the World Bank, but I think we can be a better partner for Africa by helping them get the best possible deals out of the Chinese, and then, we can build on those.

Scott Miller: And not just the Chinese. What you're saying makes total sense. The story of infrastructure is, it's all about the projects.

Judd Devermont: Yes.

Scott Miller: If you have a good project that's, that's tightly specified, that it's clear the partners know what they're doing. You have a payout program you understand. Those projects work, no matter who does them.

Judd Devermont: Yeah.

Scott Miller: Okay? A badly structured project will fail no matter who's in charge. And, at that end, we, certainly, know the difference, or our contractors do. And, many elements of the U.S. government know the difference between a good project and a bad one.

Judd Devermont: So, it's highly counterproductive to do what ambassador Bolton did in December, which is tell the Africans that they're Stooges, that they're being hoodwinked by the Chinese, that they're victims. That gives no agency to the Africans, and it's just us wagging your finger without an ability to respond. And, Scott, I heard of a very senior U.S. national security official say, in the beginning of this administration, "Infrastructure is neutral, operation is political." And, I really think that's an interesting way to think about it. How do we help on the operational side, to make sure that it isn't discriminatory? And, those can be win-wins for us, not to use the Chinese expression-

Scott Miller: And, it doesn't require a big budget either.

Judd Devermont: No, it's people.

Scott Miller: Yeah, it's people. It's people. It's ideas, which, thanks to technology, can be communicated very cheaply.

Judd Devermont: Yes.

Scott Miller: Almost instantly.

Judd Devermont: And, we create a framework so that we can go back to the Africans, or the Chinese, or whoever, and say, "This is not the same deal that the Kenyans got.", or the Ethiopians got. Or, perhaps, even, we create a framework around what are the principles about port infrastructure, or road infrastructure, and we can start sorting out Africans that are governments that are not being consistent to that, not adhering to it. And, we can take the Chinese, or the Turks, or the UAE, or whoever the company is, to task if they're evading it as well.

Jack Caporal: Yeah, so the geopolitical lens, maybe, isn't the end all be all, when it comes to Africa, or, at least, we should have rosier lenses.

Scott Miller: Well, we may want to look in a different direction than we are now. Whatever we're doing on the trade side is leading to almost nothing. So, let's try something.

Andrew Schwartz: For all our great listeners out there, if you want more discussions on trade, and specifically on Asia, check out one of CSIS's newest podcasts. It's called The Asia Chessboard. In our newest episode, host Mike Green and I talk with Kurt Campbell, former assistant Secretary of State for east Asian and Pacific affairs. We discuss the United States' current strategy on Asia, and how its trade policies are affecting the region and the world. Listen to The Asia Chessboard wherever you get your podcasts. Thank you, Trade Guys.

Bill & Scott: Thank you.

Andrew Schwartz: You've been listening to The Trade Guys, a CSIS podcast.