

## Speech by the Rt. Hon Raila Odinga, PM Republic of Kenya

**4 August 2009**

**KICC**

“We must trade our way out of our economic crisis, and make inter African trade a key priority within AGOA”

**His Excellency Erastus Mwencha, Deputy Chairperson, African Union,  
Hon African Ministers of Trade,  
Private Sector and Civil Society Representatives,  
Distinguished Guests,  
Ladies and Gentlemen.**

It gives me great pleasure and honour to be with you at this 8th AGOA forum. Kenya feels very privileged to be hosting this Forum, which is being held for the first time in the region. This Forum is one of the cornerstones of the implementation of the AGOA Act. It institutionalizes a high level dialogue between the US government and beneficiary countries. In addition to the Ministerial dialogue, the forum also encourages interaction between Government officials, private sector and civil society actors.

We meet here in Nairobi at a moment of extraordinary economic setbacks that confront the entire world. But for Africa, the global recession is particularly challenging. It adds to our growing crises in water, food, energy and sluggish economic growth, which means that for tens of millions, even a small drop in income can catapult them to the edge of survival.

Difficult as periods of crises are, they also carry within them seeds of immense opportunity. Crises make leaders and common folk alike recognize that new ways must be found to urgently unlock our people’s energy to both cope with adversity and find new ways to tackle problems that can not be addressed with conventional methods.

I know that all my brothers and sisters in this room are pursuing such approaches and fashioning innovative ways in tackling our multiple crises. You will all agree that we must trade our way out of our current challenges.

We are most fortunate that as we ourselves think anew about how to develop our economies, we have in Washington a new administration that is seriously exploring new ideas and has shown an extraordinary commitment to supporting Africa’s efforts to do much better.

Never before has an American President and the Secretary of State visited our continent so early in their tenures. Let me therefore take this opportunity to thank Mrs. Hillary Rodham Clinton for coming to Kenya for this crucial AGOA forum to exchange views with all of us and to take the pulse of the continent’s new determination to do better.

There was a time when we sought aid to resolve our urgent development needs. We soon

realized that important as aid was, it could also undermine the drive to build indigenous capacities. We then focused on investment as the key to economic growth. That still remains immensely important – but there is not exactly an abundance of investment funds available in the current financial crisis.

So it is to trade once again that we must turn to with renewed vigour as the vehicle for our speedier economic growth. And of course for us, like for the rest of the world, trading with the United States potentially holds great promise. I note with satisfaction that AGOA has acted as a catalyst to promote trade between US and Africa but we know it is too early to claim that AGOA has made a striking difference to our fortunes.

That it has not is primarily our own responsibility. We need to urgently increase the quality, quantity and competitiveness of our export products. Only then can we become significant global actors economically and politically and make maximum use of AGOA opportunities.

This will require far-reaching and sometimes painful reforms to tackle systemic constraints that have festered for decades. Undertaking infrastructural development, building the rule of law and institutions that enjoy national and international respect and investing in education and health to eliminate abject poverty must become our indivisible priorities. Much also remains to be done to strengthen investor confidence in the opportunities that abound in our continent.

However, we should not refrain from acknowledging that it will be some time yet before we have the capacity, despite tariff preferences, to compete effectively with other major exporters like China, India and Indonesia. For example, in 2008, apparel imports to the U.S. were valued at \$93 billion, of which Sub Sahara Africa accounted for only \$1 billion - while Bangladesh alone exported three times that amount.

One reason for this weakness is that most African production is from SMEs, which are at the heart of our growth strategies nationally. They cannot however meet the bulk orders of large US corporations. Moreover, our producers are yet to harness high production technologies. So in the short term,

we can only hope for slow growth in our exports to the industrial countries.

We must therefore focus strongly on building regional trade, which remains so pitifully small that almost the entire 3 percent of global trade that Africa conducts is with the industrialized countries. Our SMEs are fully capable of meeting regional demand. We must reorient our export strategies to focus strongly on inter African trade, is that is where there is immediate growth potential. Such reorientation would also be critical in diversifying our export base, which still remains far too narrow. Helping build our capacity in this area would be vital.

The United States has itself recognized this challenge, and is providing crucial assistance to regional economic blocs for building our capacities for regional

trade, as with our own East African Community. This crucial support should be extended as it is essential for strengthening AGOA as well as Africa's integration into the global economy.

It is important to mention here that politically attractive as protectionism might be in industrialized countries, it would deal a devastating blow to African economies struggling to integrate and would indeed slow recovery in developed countries. Protectionism was once a popular ideology in Africa, but we discovered the value of fair competition as the engine of national economic growth.

Let me conclude by challenging all of us gathered here for this vital Forum to initiate its own African AGOA Forum. It is crucial that we coordinate more effectively with the United States in achieving our shared goals for a more orderly and prosperous world.

Let me once again wish you fruitful deliberations in your meetings and hope that this will strengthen our building the necessary networks and partnerships that will open Africa to the world.

Thank you.