

Closing Remarks at African Growth and Opportunity Forum

Remarks by: Hillary Rodham Clinton, Secretary of State, USA
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SECRETARY CLINTON: If I didn't know any better, Minister Mutati, I'd say that you have a future in preaching. (Laughter.) My goodness, I thought he was going to take up a collection. (Laughter. Applause.)

But I certainly agree with the message. It is the Africa AGOA Act. It is meant to stimulate all of the activities that the minister was referencing. And it is, for me, a great pleasure once again to address the AGOA forum. I'm delighted that you've already heard from the leader of our trade efforts in the United States, Ambassador Ron Kirk. And from what I heard from the minister, Ron has already made every commitment that could be made. (Laughter. Applause.) So in the spirit of preaching, I'm really saying amen. (Laughter. Applause.)

It is wonderful to be here in Lusaka for this forum. I had such a good time when I went to Nairobi in 2009, and there was some dancing there, as I remember. In fact, everybody else looked great dancing, and then there's me. (Laughter.) And apparently, it was all over Kenyan television, and I got all these emails saying, "Are you alright?" (Laughter.) I said, "More than."

And then last year, we were very proud to host the forum in Washington and in Kansas City. And now here we are in Lusaka. Now, I can imagine that sometimes it feels like Kansas City and Lusaka might be worlds apart, but the whole goal of this forum is to shrink that distance, to create those networks and those relationships that are really at the root of the strong and growing relationship between the people of the United States and the people of Africa. So I thank all of you for being here because you are addressing the importance of what we can do together. It is about the future and it is about the hard work that will take us from today until tomorrow.

And I want to begin by celebrating just how far we have come in the last 11 years together. When my husband signed the African Growth and Opportunity Act into law in 2000, there were many who questioned, both in my country and across the continent, as to whether this would really amount to anything. What did this legislation really mean? There were those who looked at the statistics and saw that poverty had been declining for two decades in Africa. There were at least ten major conflicts underway on the continent. And in the previous 40 years, only four leaders had peacefully accepted defeat in democratic elections.

That seemed like a pretty tough climate in which to expand trade. But we believed then and we believe now that this was in our mutual interests, and a relationship based on mutual respect for what we could do together needed to be forged.

So look at what we've seen. In the past decade, Africa's exports to the United States have quadrupled, from 1 to 4 billion, and that does not count oil. And we have seen large increases in the export of clothing and crafts from Tanzania, cut flowers from Kenya, high-end leather goods from Ethiopia. The growth in trade over the past decade is an accomplishment worth celebrating—both because of what it has meant for the people of Africa, but what it says even more so about the possibilities that lie ahead.

Today, Africa is in such a strong position to build on this progress. Yes, there are still many challenges in many places, but the region is undeniably more stable, more democratic, and more prosperous than a decade ago. (Applause.) And thanks to the hard work of the African people, harnessed to the formal economy – because I hasten to add that African men and women have always worked hard, but not always connected to the formal economy in ways that could be measured – but now, thanks to that hard work, we see productivity rising. We see consumer spending in the region expected to grow by almost \$600 million, and GDP by 1 trillion, in less than a decade. And some observers are now even referring to Africa as the home of “emerging emerging markets.” And that means that the economies participating in AGOA are poised to benefit even more.

Yet we can't ignore the signs that not all countries have yet made the most of AGOA. African countries still export only a handful of the 6,500 products that are eligible for duty-free shipping. And the most common export is still a barrel of oil.

So we have the potential to do more. And the question is: Will we? Will we on both sides? Will we in the United States hear the words of the minister and many of you, learn the lessons that we can from the last years, and reshape AGOA? And will African countries and business leaders and entrepreneurs take advantage of what is available?

As we look to renew this trade agreement, let me say clearly what you heard from Ron Kirk yesterday, that the Obama Administration will work with Congress on a seamless renewal of AGOA beyond 2015 – (applause) – and on a renewal of the important third-country fabric provisions in the coming months so that we also have a consistent regimen. We are willing to do what is necessary, but we all have to acknowledge what we must change together. And that's what I wanted to talk with you today.

Getting AGOA right plays an important role in President Obama's new approach to global development. Because despite the best of intentions, for too long, in too much of our development work, the United States was not focused on the kind of partnerships that should be at the root of development. All too often, we were doing programs that continued year after year, and we, frankly, did too much of the talking and not enough of the listening.

The United States is a generous nation, a fact that makes Americans justifiably proud. But we have to be reminded that the purpose of aid is not to make us feel good about ourselves. It is to help people in developing countries improve their own lives, to have that paycheck. And by improving prosperity, one improves stability, and that does have a benefit for the United States to have a world that is safer and more prosperous.

That is why in this Administration we have embarked on a new way of doing business. And we have also put business at the center of our economic development work. Our approach is based on partnership, not patronage. It is focused not on handouts but on the kind of economic growth that underlies long-term progress. Ultimately, it is aimed at helping developing countries chart their own futures and, frankly, end the need for aid at all. It starts from the belief that the most successful development efforts will someday put themselves out of business, because there will be so much economic activity, there will be such strong democratic institutions, that people will be able to generate their own opportunities.

Now, this is not just for us a matter of rhetoric. It is reflected in our actions. You can see it in our new program called Partnership for Growth. We're taking all the lessons that have been learned from around the world and working with a small group of countries, including, in Africa, Tanzania and Ghana, and one in Latin American and one in Asia, to identify the biggest barriers to growth and find ways to overcome them. You can also see that in our Global Health Initiative, our Millennium Challenge compacts, and our Feed the Future programs. And many of the countries represented here are involved in one or more of those efforts.

In every case, we want what we do to be country-led and country-driven. We want to deliver real results that people can see are making a difference in their lives. We want to empower people themselves. I mean, it's easy for a company from some other country to come in and get a contract and build something and then not have improved the skills of workers, not have created small business suppliers, not have left anything sustainable behind other than perhaps a physical structure. Africa does not lack in physical structures. Africa lacks in infrastructure. (Applause.) Africa lacks in connections between countries and Africa lacks in people willing to invest in African people in order to have a win-win situation.

So let us hold each other accountable for the success of AGOA in the future. And let's begin by recognizing – and I think the minister was very right about this – increasing access to American markets is an important step, but market access alone is not enough. There are obstacles that stand in the way of the kind of transformative change that I think we should seek.

First, there is the basic challenge of raising awareness. Too often, businesses in the United States and other countries simply don't think to look for potential partners in Africa. And many African firms have no way of knowing which foreign businesses might buy their products or their services. So we need to do more to connect so what you have to offer we can perhaps connect up with those who are seeking it.

Now, the United States supports a number of efforts to forge these connections, including international trade shows, bringing delegations of private sector investors to this forum, as we have again this year. And tomorrow, I will be privileged, along with Ambassador Kirk, to help launch the Zambian-American Chamber of Commerce. (Applause.) I have found that where we have chambers of commerce in countries, we see advocates for more trade. We see people who are reaching out all the time looking to make those deals and connections.

And we want particularly to focus on two groups of entrepreneurs whose potential is not being fully tapped: young people and women. (Applause.) This year, for the first time, a group of

young entrepreneurs is joining us, and I want to welcome them and tell them how much we need their energy and their ideas. You really are the future. People say that all the time. It happens to be true. You have the biggest stake in our success here. What you do will largely determine Africa's economic growth curve.

Now, more and more young people in Africa of working age are moving to urban areas, where they hope to find good jobs. Too many are finding only disappointment. By 2025, which is not that far away now, one in every four young people in the world will live in Sub-Saharan Africa. Now, that fact alone has profound and far-reaching implications for Africa's future. We have been seeing what happens when young people feel their governments do not meet their needs. Across the Middle East and North Africa, the Arab Spring is being led by young people, young people in Tunisia, in Egypt, and across the region are demanding not just more democracy but more economic opportunity. They say, look, we've studied, I'm willing to work hard, and yet there's nothing for me here.

Creating opportunity and protecting freedoms for young people deserves our urgent attention. I will be discussing this in greater detail when I am privileged to be the first Secretary of State ever to appear at the African Union on Monday. (Applause.)

Now, the logic for connecting more women to the global economy is just as compelling. I've said it all over the world: No country can thrive when half its people are left behind. And the evidence is so persuasive: Small and medium-sized enterprises run by women are major drivers of economic growth. And I had a conversation with an economist some years ago who heard me say this, and he said, "You know, I just – I don't see women's contribution to the economy. I said, "Have you been to a market? Have you looked at fields being tilled? Have you watched children being raised? Women are holding up half the economy already. Let's give them the opportunities to bring along all the rest of us with their hard work and their success." (Applause.) Because when a woman prospers, she re-invests those earnings in her family, and the positive ripple effects cross an entire community.

And yet let's be very honest. In too many places, it is still too difficult for a woman to start a business. Cultural traditions may discourage her from handling money or managing employees. Complex regulations may make it hard for her to buy land or keep land or get a loan. She has to balance the needs of her own family and somehow overcome all of these barriers. Now, lest you think this is only about Africa in 2011, I well recall what it was like in my own country not too long ago. Women couldn't get loans. Women couldn't get credit. I remember when I was a practicing lawyer and my husband was the attorney general of our state of Arkansas, I was making roughly three times the money he was making in the 1970s. I could not get a credit card in my own name. (Laughter.) Now, I will not mention the company that refused to give me a credit card in my own name, but I will hasten to add I've never done business with them since. (Laughter.)

So this is a problem that countries have had to face over the last 50 years, and the barriers have slowly but surely come down, either because governments passed new laws or courts said according to our constitution these barriers are not constitutional and they must disappear. Political action created that. But mostly, it's because people woke up and said oh my gosh, we're

losing business and we're losing economic growth, and we'd better make sure that women have the same opportunities to contribute to the growth of Africa that men do.

Now, at the State Department, we have made it a priority to help women break down barriers. And among our efforts, we are helping women entrepreneurs connect with potential partners. And we recently sponsored the first-ever delegation of American businesswomen from the technology industry to Liberia and Sierra Leone. That visit led to the creation of a new business incubator in Sierra Leone focused especially on women.

And last August, on the margins of our meeting in Washington, we kicked off the African Women's Entrepreneurship Program, AWEP. And in just a few months, these remarkable women have already made lasting connections with American companies. They've begun trading with each other, and they've devised new ways of promoting their businesses. I just met some of them and saw some of the products that they are producing. And today, I am very happy to announce that the United States will contribute \$2 million this year and next so they can continue their work. And thank you to Zambia for hosting them as well. (Applause.)

We will be inviting leading businesswomen from across the continent to attend leadership programs in the United States this fall and next summer, because we want to make sure they have the tools and the skills that they need, and then we will connect buyers and sellers, which is exactly what AGOA is intended to do.

But even when African companies make connections with American businesses, they may not yet have the capacity to make and ship products that are competitive in the U.S. market. So this is a second barrier. We need to get more out of AGOA by making sure we break down those obstacles.

Let me give you an example. A few years ago, a large American home-furnishing company placed a trial order of 5,000 baskets from a producer in West Africa. They wanted to see if he could deliver what they needed, and if he could, they might buy more. The producer was delighted to have the order, but he had never filled an order of more than 500 baskets.

Now, he put in 24/7 days, he hired extra workers, and he was able to deliver the goods. But when the American company placed their next order, they didn't call him. Why? They called one of his competitors in Vietnam. Why? Because the Government of Vietnam offers basket makers low-interest loans and makes sure the supply chain for straw moves smoothly. The competitor, therefore, with the subsidies, with the supply chain support, could produce baskets for about half the cost.

So it wasn't that the Vietnamese company worked harder. It was that their government helped pave the way for their success. (Applause.) It should not be that way. And if we are going to reach our goals, it can't be that way. African entrepreneurs with the talent and the drive deserve the resources they need to compete for the highest-paying customers, whether they're next door, in the United States, or anywhere else in the world.

That's why the three regional trade hubs that USAID sponsors do much more than connect African and American businesses. They support African entrepreneurs in writing business plans, raising capital, increasing their productivity, improving their production processes so they can meet the export standards set by governments and companies around the world.

In fact, the staff at our regional hub in West Africa are helping that basket maker write a new ending to his story. With their support, he and his fellow producers are now working together to buy straw in larger quantities, which brings the cost down. That's supply and demand. And they are exploring low-interest loans from nongovernmental organizations, which will help them level the playing field with their competitors.

But let me say I hope someday their own government will offer them these same opportunities. (Applause.) Let's look at what is working in other countries like Vietnam. And it is not the work ethic. Do the Vietnamese people work hard? Yes, they do. Do African people work hard? Yes, they do. And as the minister said, yes you can. There is no reason not to be competitive. (Applause.)

So when we raise awareness and we increase capacity, we can produce amazing results. Just ask Caroline Sack Kendem, who runs Ken Atlantic, a clothing manufacturer in Cameroon. She employs 98 people—mostly women. And last month, thanks to the connections that she made through our networking program hub, as well as the training and support that she received from that USAID trade hub, she landed a major new client and signed a \$2 million contract to make tens of thousands of knitted shirts. And soon, she won't have 98 employees. She'll have 200.

And we want to be able to tell far more success stories like this. That's why Ambassador Kirk announced a new trade capacity building initiative that will provide up to \$120 million over four years to intensify and focus the work of our African trade hubs.

But let's acknowledge a hard truth. A business is only as successful as the environment in which it operates. A shipping company cannot thrive if it is overwhelmed by government regulations and drowning in paperwork. Buyers and sellers can't do business if they are harassed by corrupt officials. A strong economy requires a supportive business climate that empowers every entrepreneur.

And we do need to confront poor infrastructure—roads, ports, and electric grids that drive up the cost of doing business in Africa. We are investing with our partners to improve infrastructure in places where it's a bottleneck for trade. For example, with support from our Millennium Challenge Corporation, whose president, Daniel Yohannes, is here with us, Tanzania recently began upgrading 430 kilometers of road and installing nearly 1,600 kilometers of new power lines.

And let's have a very frank conversation about corruption. It takes such a real toll on everyone. Every bribe paid to a customs official represents a hidden tax on the cost of doing business and a drag on economic growth. I am elevating in the State Department corruption as a major focus of our diplomatic efforts. And we are establishing an innovation fund to create incentives and boost political support for anti-corruption efforts. The United States now requires oil, gas, and mining

companies that raise capital in our markets to disclose the royalties they pay to foreign governments, which will help ensure that Africa's natural wealth benefits the people of Africa rather than corrupt officials. (Applause.)

And another challenge is armed conflict, which—in addition to its tremendous human toll—undermines the business environment by making it more expensive and more dangerous for goods and workers to cross borders. We work on this every single day and we will continue to do so because working with our African partners to resolve and prevent conflict is good for business.

And because healthy and productive people form the foundation of any thriving economy, we continue to join with partners to fight HIV/AIDS, reduce maternal mortality, and end hunger and malnutrition.

This is a wide-ranging agenda for strengthening the business environment in the long run. And all of these actions require commitment from all of us.

But finally, I want to stress again a point that the minister made that I addressed in 2009 and 2010, and that is the low level of economic cooperation, integration, and trade among African nations. I am very pleased that this had a prominent place on the agenda this year.

The benefits of economic integration are well known. It reduces food insecurity by allowing agricultural goods to move efficiently to the places where they're needed. It gives landlocked countries new access to ports and harbors. And it allows African companies to tap into a very promising new market—their own.

In the United States, again, we often saw parts of cities or rural areas where our poor people lived really deprived of investment. And then somebody got smart and said these folks may be poor, but they still spend money, they just don't spend it in their own communities. And we began trying to break down the domestic barriers that we had.

Here in Sub-Saharan Africa, there is less trade between and among the countries than in any other region in the world. Why is that? Well, some of it is because we need to improve infrastructure, but the most important limiting factor is not roads or airports. It's people. Trade officials are under pressure to protect their own home-grown industries. Government leaders of smaller countries are concerned that larger countries will gain too much influence. Business owners worry about losing out to competitors across the border.

Now, these are not problems are not unique to Africa, but they have a disproportionate impact on Africa. So ultimately, it is up to the leaders of this region to decide if you want economic integration. It does mean you have to take on entrenched interests and respond to concerns about new competition, while making the case over and over again as to why the people in your country will benefit from expanded trade. I know this is difficult. Although I am out of politics now, I understand how hard it is to tell a longtime supporter something he doesn't want to hear. But sometimes it is the right and important thing to do.

This week's summit in South Africa to discuss a tripartite free trade agreement that would cover 34 countries is a very important step toward deeper integration. So is the East Africa Community's common market protocol, which is making it easier for goods and workers to move among the five member nations. The United States will support the East Africa Community in its efforts to achieve a common market. We are still in the early stages of planning, but if our approach is successful, we will look to replicate in every regional economic community in Africa that is as committed to integration.

So the EAC and the tripartite talks have created real momentum for integration. And I urge you to make the most of this momentum—continue it and accelerate it, because expanding trade within Africa is one of the best ways to promote growth, to put more paychecks into more pockets.

Now, in all the areas I've discussed today, we do face hard choices. And we have to decide: Do we foster more connections and give them the tools that people need to compete globally, or not? Will we fight corruption and improve the business environment, or not? Will we speed up regional integration, or not? And will we hold ourselves accountable for delivering results, or not?

When the United States Congress considers renewing AGOA, they will be asking tough questions like these, and I want us to be ready with answers. I believe in Africa's future. I believe with all my heart that the best days are ahead. But it doesn't happen by hoping for it or wishing for it, but only by rolling up our sleeves and working for it.

So let's move together into that future. And as we do, let's remember the people whose talents and energy we are trying to unlock: the farmer in Tanzania, the basket maker in West Africa, the clothing manufacturer in Cameroon, the technology entrepreneur in Zambia. Because our work together is not about us; it is about the people who get up every day trying to make their lives better. And it is particularly about the young people who, given technology, expect so much more of us.

I am committed to doing everything I can to help every man and woman, every boy and girl, live up to his or her God-given potential. And I want to work with you to make sure that we have real results to be able to demonstrate.

It is now my pleasure to declare that this session of the AGOA Forum is closed. Thank you all very much. (Applause.)