

ASSISTANT SECRETARY'S REMARKS AT THE CIVIL SOCIETY SESSION
OF THE AGOA FORUM WOODROW WILSON CENTER

JUNE 13, 2012

I am honored to be invited to present at the Civil Society Session of the AGOA Forum. Thank you, Steve McDonald and your staff for hosting this important event. I would like to thank the Civil Society Program Chairman Fred Oladeinde and the civil society team for their tireless efforts along with USAID for their support.

I have just come from an event where Secretary Clinton welcomed 65 bright young African entrepreneurs who represent the future of Africa. Those young people personify the new economic dynamism of Africa that the U.S. wants to be a part of – innovative, tech-savvy and oriented toward the future. They are the generation who will help grow Africa's economies in the coming years and generate the resources needed to meet all of Africa's many challenges. Whether it is building roads, delivering education and health care, adapting to climate change, or confronting violent extremists— for all this we must have a strong, self-reliant and prosperous Africa.

I would like to acknowledge the presence of twenty-four representatives from African civil society who are in the audience. USAID invited these

participants because they represent the way in which civil society networks can advocate for fair, pro- trade policies and processes in their respective countries.

The Secretary sees civil society's role as rapidly expanding. Those of you in civil society and the diaspora are at the forefront of renegotiating the relationships that have historically defined interactions between citizens and governments. Civil society has been at the helm of that change. This dialogue represents an increasing recognition of the rapidly expanding role that you and your organizations play in shaping our world.

The African Growth and Opportunity Act (AGOA) currently is the centerpiece of our trade policy with sub-Saharan Africa. AGOA remains very relevant today not only for the trade preferences it provides eligible African countries, but also for the platform it gives the U.S. government to engage in an economic dialogue with our African partners. Extending AGOA beyond 2015 is something in which you have a very important role. The Obama Administration is working with Congress on a seamless renewal of AGOA and civil society organizations should play an important role in what the legislation looks like beyond 2015. The pressing issue of the third country fabric provision that expires in September is something that calls for immediate action. Third country fabric has been one of the most successful components of the AGOA legislation and can

be credited with creating tens of thousands of jobs in countries such as Kenya, Lesotho, Mauritius, and Swaziland. I have heard from representatives of a number of these countries that apparel orders are drying up due to the uncertainty surrounding the provision. If third country fabric is not renewed soon I fear that many of these jobs will move away from Africa and not return.

“Jobs Diplomacy” is a priority mission at the State Department, and our goal is to be the most effective diplomatic champions for prosperity and growth. We are improving training for diplomats in economics, finance, and markets, and working more closely with colleagues across our government to leverage the best possible skills and resources.

A lack of reasonably priced reliable electricity remains one of the most significant constraints to economic growth throughout Africa. I led a trade mission with American companies to Ghana, Mozambique, Nigeria, and Tanzania in February. We met with government officials to discuss the legal and regulatory framework for investment and power generation and explore opportunities for U.S. exporters. There is enormous potential for American companies to provide products and services in power generation, distribution, transmission facilities for Africa because of the huge need in Africa for energy. Continent-wide, less than 20 percent of Africans have access to secure, reasonably priced electricity. The lack

of reliable electricity places a huge constraint on African development. It's almost like a tax, because companies without reliable power must compensate by maintaining expensive backup generators. My goal with the support of Corporate Council for Africa is to bring U.S. companies to play a major role in increasing the energy infrastructure in Africa.

Governments across the continent are working to address constraints to attract new trade and foreign investment that will sustain their rapid economic growth and build their middle class. Infrastructure deficits prevent African countries from taking full advantage of benefits AGOA provides. There is a huge infrastructure build-out taking place in Africa – energy, roads, ports, railways – and that build-out is going to take place over the next 10-15 years. It's very important for U.S. companies to be there now.

The World Bank projects growth rates of between five and six percent over the next two years for Africa. These projections are higher than growth rates expected for Latin America, Central Asia, and Europe. African growth rates are expected to continue rising among a growing number of countries, presenting significant opportunities for U.S. companies to both trade and invest. Africa can serve as a market to U.S. exporters and we want to make sure that American companies are increasingly aware of the opportunities that exist in Africa. We

think that all of these countries have enormous capacity for growth and potential. We believe that American investors can in fact go in and contribute in partnership with the local citizens and business community.

Africans must also take charge of improving the business environment — the legal framework for independent power producers, the legal framework for resolution of disputes, transparency in the business climate, improved banking and financial services — all of these things would certainly help to sustain and build the flow of American investment. Improvements in the African business environment are causing U.S. investors to take a new look at regional possibilities.

Let me conclude with a few words about the importance of civil society and the diaspora. The truth is that it's not possible for governments, no matter how well meaning, to meet all of the enormous challenges Africa faces. We in the government need strong partners to help achieve our goals.

Civil society and representatives of the African diaspora are some of the most powerful people-to-people assets we have to strengthen relations between the U.S. and Africa. Because of your familiarity with the region and its culture, your motivation and your special skills and leadership, you bring a special contribution that richly complements the work of governments. You have a vital role to play in

bringing about an Africa of stable and prosperous democracies where all people have a voice in society and where there is genuine freedom.

We look forward to working with you ever more closely in the future, to build strong democracies and expand trade ties between Africa and the U.S., so that all Africans can live in peace and prosperity.