

**Opening Remarks by Stephen Hayes
President, Corporate Council on Africa
2003 AGOA Forum Private Sector Session
December 8, 2003
J.W. Marriott Hotel
Washington, D.C.**

Honorable Ministers;

Members of the Diplomatic Corps;

Members of the Corporate Council on Africa and the AGOA Steering Committee;

Distinguished guests;

Ladies and Gentlemen:

On behalf of the Corporate Council on Africa and our Chairman Frank Fountain, it is my great pleasure to welcome you to the Third AGOA Forum Private Section Session.

This week's private sector session comes just eleven months since we last met in Mauritius – and under much warmer conditions, I might add.

In this short time, AGOA has continued to confirm its unique place as the cornerstone of the U.S.-Sub-Saharan Africa economic relationship.

In the first three quarters of 2003, trade under AGOA has grown by 59 percent over the same period last year. This amounted to over \$10.2 billion.

Significant capital investments in Africa underpin and foster this growth, and are essential to the long-term growth of African economies.

These successes should surprise no one. Indeed, time and again we have observed how export-led growth has been the engine for economic development for whole regions of this planet. For example, the post-World War II growth of South and East Asia has illustrated how open markets, free trade, and entrepreneurship can result in real economic growth and improved lives.

AGOA now provides Africa with diverse opportunities to grow and integrate into the global economy in ways both similar to the Asian experience, as well as those that are uniquely African.

The successes of AGOA's first three years illustrate the program's potential:

- The apparel industry has been especially vibrant, led by the booming industry in Lesotho. This landlocked country of fewer than 2 million people has exported over \$300 million of goods under AGOA this year alone.
- In Kenya, AGOA has resulted in the creation of over 21,000 new jobs.
- Many of the Americans here today may be wearing socks made in a new factory in Ghana, or may have recently eaten fresh green pineapple also imported from Ghana.
- Sales of MercedesBenz automobiles in the US have increased for the last three years; many of these vehicles are now manufactured in South Africa. In fact, last summer the South African government reported that AGOA was responsible for 90,000 new jobs in that nation alone.
- Chocolate, citrus, and coffee lovers in the U.S. are enjoying African products entering under AGOA.

At CCA, through our USAID-funded business linkages programs in West and Southern Africa, we have seen first-hand how AGOA is changing African perspectives on trade with the U.S. Over the past few years, these programs have resulted in almost \$400 million in transactions, almost entirely through small businesses. Many of these traders have directly benefited from AGOA preferences.

And in 2002, CCA, with the generous assistance of the U.S. Department of State, had the honor of introducing the basic ingredients of AGOA to business leaders in the U.S. and in nearly 20 African countries. Many of these businesses have since engaged in two-way trade under the terms of AGOA.

Clearly, both Americans and Africans are benefiting from AGOA. But just as clearly, more need to be doing so, for in my view the full benefits of AGOA have yet to be harvested by most African nations and the people of those nations; nor has the American business community yet awakened to the potential that AGOA represents for their own individual growth and that of the American economy.

For these and many other reasons, we at the Corporate Council on Africa support efforts underway by President Bush and by many in Congress to extend and expand AGOA.

Legislation recently introduced in both houses of the U.S. Congress give us reason to cheer, just as we look for other measures that could strengthen further the U.S.-Africa economic relationship. Indeed, there can be no doubt that if AGOA is to succeed, so much more needs to be done to build a binding economic partnership. AGOA alone is not enough, but AGOA alone is thus far the most important step of many to come. We must do more, not only for the sake of Africa, but for the sake of our own economic development as well.

My fellow citizens, we must all come to see and interpret to others in our nation that vibrant African economies do truly mean a far more healthy and vibrant American economy. When we come to understand how closely we can be linked, we will be true partners.

There are those who do understand the potential of this relationship. In this forum, we will pay special tribute to the leadership of Congressman Jim McDermott, who introduced the legislation in the House of Representatives. Congressman McDermott will join us later this morning during the first plenary session. Other men and women of that shared vision will be with us as well to address and listen to all of us. I note Congressman Ed Royce and Congressman William Jefferson also for their willingness to share with us over the next two days.

These men and others know that there needs to be so much more done to make the US-Africa relationship reach its full potential, but they are also pragmatic enough to know that one must build the foundation one step at a time, and the additions to AGOA are designed to do exactly that. In addition to extending the life of AGOA, the proposed legislation specifically addresses the need to do more to ensure access to the U.S. market for Africa's bounty of fresh agricultural produce. We applaud this.

I personally believe that not all countries in Africa can benefit from textile and apparel production, but every nation in Africa, and most of its people, can benefit by opening our doors in a transparent manner to African agriculture produce. Eighty-five percent of Africans work in agriculture. If Europe can import African agriculture, and with no harmful effects, physically or economically, why cannot America open its doors in the same way or in even fairer ways than does Europe? I believe we can.

We applaud the measures in the legislation that call upon the Overseas Private Investment Corporation and the Export-Import Bank of the United States to engage much more

actively in financing AGOA-related trade. From our relationships with OPIC and EX-IM, we know that these institutions will welcome such legislation.

And, because CCA supports and recognizes the need for corporate sector support in the fight against HIV/AIDS, we commend provisions in the new bill that encourage businesses to join in this cause. (I am also pleased to announce for the first time, that thanks to a generous grant from the Bill and Melinda Gates Foundation, we have hired Mr. Victor Barnes, the second-ranking person working on AIDS at the nation's Center for Disease Control to direct the work of the Corporate Council on Africa in its fight against HIV/AIDS in Africa.)

The successes of AGOA and the hopes for the future of this landmark legislation stand in sharp contrast to the needs that still remain in Africa for economic development.

This week, we need to work to enhance AGOA trade even further. This is why we have chosen to focus on sectors such as agribusiness, handicrafts and small business. Compared to textiles and apparel, these sectors have seen far less spectacular results from AGOA. We are convinced, however, that these sectors have the potential to revolutionize U.S.-Africa trade under AGOA, and in the long run will provide more stable economic benefit to all involved.

Asian growth was spurred in large part by foreign investment and financing, and we need to do more on this issue for Africa. Increased capital flows must complement AGOA. In February, CCA will hold its first major financing conference, building on the Commission on Capital Flows report released last June jointly by the CCA, the Institute for International Economics, the Joint Center for Political and Economic Studies and the Council on Foreign Relations.

AGOA, while offering great opportunity, cannot alone increase African production and economic viability. African leaders must also take bold steps to attract U.S. business and capital flows.

Problems such as inadequate judicial systems, poor and inconsistent macroeconomic policy, and conflict too often deter investors, and impede business development and basic human development in all its forms.

U.S. steps, such as AGOA, can assist Africa's economies to flourish through trade-led exports. Sustainable progress, however, cannot be made until African governments graduate once and for all from an era of poor governance and ill-advised economic policies. For these reasons the initiatives such as the New Plan for African Development (NEPAD)

and the African Union deserves our support for in many of the principles are the seeds of progress and commitment. We as Americans must remember that our own Constitution was not a perfect document when formed, and required first a Bill of Rights, the first ten amendments, and many amendments since then. Change is seldom immediate, it is always imperfect, and it requires patience and support. This conference is but one of many such manifestations of that support for the ideal.

* * *

The goals of the 2003 AGOA Forum Private Sector Session are to highlight AGOA opportunities, connect investors and traders, and discuss pertinent AGOA issues. We are honored that so many of you have traveled from so far to join us in these discussions, which, in reality you will shape. We eagerly anticipate hearing from many of you, representing both the government and private sector.

As you can all appreciate, organizing a program of this magnitude is no small undertaking. The AGOA Steering Committee, convened by CCA and represented on this podium by Mr. Paul Ryberg, has been an invaluable partner in the process that has resulted in this week's program. Thank you, Paul, and all of the other members of the Committee.

I would also like to pay a special tribute to generosity shown by our sponsors, namely:

- 57 Main Street Wine Company
- American Soybean Association
- Botswana Export Development and Investment Authority
- Cargill Inc.
- Monsanto Company
- Smithsonian National Museum of African Art
- The Boeing Company
- The Government of Kenya
- United States Agency for International Development; and
- World Cocoa Foundation.

Finally, I must recognize a few individuals, in addition to Paul Ryberg, whose labor and support has been so instrumental to this program. Each of these outstanding individuals truly epitomizes dedication to Africa:

- At USAID, Assistant Administrator for Africa Constance Berry Newman and Art Westneat.

- At the Smithsonian National Museum of African Art, Director Sharon Patton and Dale Mott.

- From the AGOA Steering Committee:
 - Debby Orsini and Judy Chambers, both of whom honor CCA by serving on its board of directors, in addition to the Herculean tasks they have performed related to this week's program;
 - Anthony Carroll
 - Evelyn Suarez
 - Witney Schneidman
 - Phyllis Shearer-Jones; and
 - Lorenzo Bellamy
 - Steve Lande

And, of course, the staff of the Corporate Council on Africa, especially Tim McCoy and Kathleen Wells.

Most of all, I want to thank the United States Trade Representative and his staff for making it possible for us to organize the conference. There is no greater honor than being able to serve the economic interests of US and Africa. From our common goals and work will a genuine partnership continue to evolve.

I trust that you will soon agree that the individuals and companies cited above have assembled a program that promises to be a rich medium for discussing both the challenges and successes of AGOA.

I look forward to joining in these discussions and in meeting with many of you during the next two days.

Thank you.