

THE BROOKINGS INSTITUTION
THE AFRICA GROWTH AND OPPORTUNITY ACT:
LOOKING BACK, LOOKING FORWARD

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OPENING PLENARY

Introduction and Moderator:

MWANGI S. KIMENYI
Senior Fellow and Director, Africa Growth Initiative
The Brookings Institution

Featured Speakers:

AMBASSADOR RONALD KIRK
United States Trade Representative

HIS EXCELLENCY ERASTUS MWENCHA
Deputy Chairperson
The African Union

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P R O C E E D I N G S

MR. KIMENYI: Distinguished panelists, the AU delegation, honorable cabinet ministers from Africa, your Excellencies, ambassadors, all distinguished guests, ladies and gentlemen -- my name is Mwangi Kimenyi. I'm a Senior Fellow here, and the Director of the Africa Growth Initiative at Brookings.

I take this opportunity to welcome you to Brookings, and specifically to this event organized by the Africa Growth Initiative, focusing on the Africa Growth Opportunity Act. It is the Act which remains the most important legislation defining the U.S.-Sub-Saharan Africa relations.

A primary objective of the Africa Growth Initiative is to articulate African voices in policy debates here in Washington. It is therefore my great pleasure to welcome you to this forum.

Last year, the Africa Growth Initiative had the opportunity to make a presentation at the U.S. Congress, and this event -- that event was hosted by the late Congressman Donald Payne. Congressman Payne was a true champion for Africa, and a firm advocate for AGOA. He served Africa well, and it would be appropriate that we take a brief moment of silence to honor the late Don Payne.

(Moment of silence.)

MR. KIMENYI: Okay. Thank you very much.

Before I introduce our distinguished panelists, let me make a few, but critically important, announcements.

The first one -- this is a public forum. Everything you say is recorded. So you'd better stand on your record.

Please put your cell phones off, or on silence, if you have to. And I would appreciate if you would do that now. And we would like to at least have no phone conversation.

For those following us on webcasts -- this even is on webcast -- the twitter hash tag is #AGIAGOA. And we have someone who will be responding to this. So it's #AGIAGOA.

Now, as you know, we are privileged to have President Clinton joining us for the next session. In this connection, by the end of this session, all must remain seated -- in this room, and also on the upper floor space. This is requested by the U.S. Secret Service, and therefore please do not move. Remain seated.

And also, when Ambassador Kirk will be leaving -- I will be introducing him soon -- please remain seated as he exits from this door. I appreciate your cooperation in advance.

It's now my great pleasure to introduce the panelists. Of course, these are distinguished panelists with very long bios, so I have

begged to abbreviate their long bios so that we have more time to talk, and I will start with Ambassador Kirk.

Ambassador Ronald Kirk is the United States Trade Representative, USTR. He is a member of President Obama's Cabinet, and serves as the President's principal trade advisor, negotiator, and spokesman on all trade issues. Ambassador Kirk has directed the USTR's market opening agenda through negotiations with trading partners around the world. These initiatives include working to conclude and advance bilateral trade agreements with Korea, Colombia, and Panama, and advancing the ambitious regional trans-Pacific partnership talks, and sustaining serious U.S. engagement in the Doha Round.

Ambassador Kirk brings both public service and private sector experience to STR. He served two terms as the first African-American Mayor of Dallas. Prior to becoming Mayor, he served as Texas' Secretary of State under Governor Anne Richards.

So, welcome, Ambassador Kirk, and we are looking forward to hearing from you.

And I will introduce the other speaker at the same time.

His Excellency Erastus Mwencha, my brother here, was elected Deputy Chairperson of the African Union Commission by the African heads of state and government in January 2008. Prior to this

appointment, he had served as the Secretary General of COMESA for almost 12 years. During his time in COMESA, he oversaw the establishment of the COMESA Business Council that would provide platforms for the private sector to interface with government, and open opportunities for more sectoral and public-private sector partnerships, and the realization of the COMESA free-trade area. He later -- he was elected to serve as the interim chief executive for one year, and later served in the board as the deputy chairman for seven years.

Again, as I said, these are very comprehensive, very experienced people, and we are really honored to have you here. And I will invite Ambassador Kirk to make 10 minutes' comments, followed by Mr. Mwencha, and then we will open the floor to discussion. So, thank you very much.

Ambassador? (Applause)

AMBASSADOR KIRK: Well, good afternoon. Welcome to all of you. It is so good to see so many of my friends. This is beginning to feel more like a family reunion than it is an annual summit. But I am honored to welcome my fellow trade ministers, and other members of the delegations that are here to join us for this AGOA summit.

I want to start by thanking Mr. Kimenyi for his great work that he is doing here at Brookings, on or Africa Initiative. He has been

wonderfully diligent in reaching out and inclusive to our staff at USTR. And we've had the privilege of working with him on this over the past 24 months. So, first of all, we thank you and Brookings for bringing us together, and hosting us. And I am always pleased to welcome my brother, His Excellency Erastus Mwencha, who is the Deputy Chairperson of the African Union, to join me on this podium. And I applaud him, if nothing else, for his stamina, because he flew in this morning, and told me he has been in meetings continuously since he got here.

And to those of you new to the audience, we welcome you. It is refreshing to see so many new -- and young faces, in particular -- here that are interested in helping us broaden our conversation around trade and investment between the United States and Africa.

Finally, I have to acknowledge as my ministerial colleagues affectionately refer to her, Sister Florie Liser, who is our Assistant U.S. Trade Representative for Africa, and one of the absolute most passionate advocates for this strengthened relationship. And, Florie, we appreciate you for your leadership.

I'm also pleased to see colleagues here from other members of the President's Cabinet, from Export-Import Bank, in particular, and so many others.

This opportunity to be a part of this conversation that Brookings is hosting is a wonderful opportunity for us to share part of President Obama's comprehensive approach to global development. Many of you know President Obama hosted the G-8 Summit at Camp David last month. What you may not know was, immediately prior to that, President Obama welcomed leaders from Ethiopia, Ghana, and Tanzania, to announce a new partnership that we are working on relative to reducing hunger.

Speaking to the leaders at that time, President Obama said this: "True development involves not only delivering aid, but also promoting economic growth -- broad-based, inclusive growth that actually helps nations develop and lift people out of poverty. The whole purpose of development is to create conditions where assistance is no longer needed, where people have dignity, and the pride of being self-sufficient."

So, this week, it's against that framework that the United States is honored to be hosting our 12th annual AGOA forum. And, again, we welcome our African partners and friends to Washington, and look forward to very productive discussions about the future of our trade and investment relationship.

In keeping with our theme for this year of looking back and looking forward, I want to share a few thoughts on the original bold vision

that AGOA's founders established 12 years ago. And I think it's wonderfully appropriate that following this panel, you'll be hearing from President Clinton, who had a very strong role in signing and bringing AGOA into life.

At a time when Africa's future was less bright, AGOA predicted that Africa would have extraordinary economic potential, and that it would be in not only Africa's interest, but in the interest of the United States to partner with African countries to use trade as an engine for economic growth.

I think, today, reports and analyses by the African Development Bank, the World Bank, and other prominent economic institutions, highlight Africa's substantial growth and rising position in the global economy. Over the past 12 years, AGOA has made an enormous difference for millions of Africans, and truly transformed the way the United States and Africa interact on trade and economic issues. Non-oil trade from Africa to the United States has more than tripled under AGOA, reaching a record \$5 billion in 2011. At the same time, U.S. exports to Sub-Saharan Africa have more than tripled, as well, as Africans have sought more and more U.S. inputs, expertise, and joint venture partnerships.

Now, I think these trade figures translate into good jobs and higher incomes, not only in Africa, but also for American workers, as well - - demonstrating that increased trade with Africa is having a tangible impact on both sides of the Atlantic.

Now, to be absolutely sure the developmental premise of Africa remains strong by providing new market opportunities for African exports, especially of non-traditional and value-added products, AGOA has helped African firms become more competitive internationally. Similarly, AGOA has provided incentives and support for African economic reforms which have helped foster an improved business environment in many countries, and that have attracted investment and supported increased U.S. exports.

And AGOA has not only encouraged African leaders to strengthen trade relations with the United States, but also to develop and implement African-led solutions to the region's economic and political challenges.

I think these are just some of the many benefits that we've seen from AGOA thus far. But one of the most valuable aspects of our coming together in these annual sessions is to have an honest assessment of how we're doing -- what we've done well, but also, what we can do better. And I think, over the years, we've been honest enough to

learn about some of the challenges that many of our African countries have faced as they sought to expand and diversify trade.

What we hear time and time again, though, is a fairly common theme, that many of our challenges from fully utilizing AGOA are related to infrastructure, transportation, regulatory obstacles, and the business environment. In particular, we've learned how important trade capacity-building and assistance can be to help African governments and firms identify and develop market opportunities under AGOA.

It's one of the reasons, when we convened last year in Zambia, that I announced at the Africa Forum, the United States would commit up to \$120 million for the African Competitiveness and Trade Expansion Initiative, which funds regional trade hubs in Ghana, Botswana, and Kenya.

We are pleased with the results thus far, as we've seen these trade hubs provide critical assistance to many African businesses that had not previously considered entering the U.S. market before. With the help of the trade hubs, African entrepreneurs now attend trade shows; they're getting orders for everything from seafood from Mauritius, to hot sauce from Zambia, to footwear from Ethiopia, socks from Ghana, and jams and jellies from Swazi.

Another priority that we announced at the AGOA forum last year was the Obama administration's commitment to renewing Africa's third-country fabric provision, which sustains jobs for thousands of low-income women across Sub-Saharan Africa, and is currently set to expire at the end of September.

I want to take a personal moment and especially thank the representatives here of the diplomatic corps of the AGOA countries, who have traveled to Capitol Hill on numerous occasions, joining Representatives -- members of Congress, of the administration, of my office -- diligently making the case, the commonsense case, why it makes sense for Congress to act, and to act now, to extend this important provision. We understand how crucial the third-country fabric provision is for the survival of many of Africa's textile and apparel sectors, but also how important this is to U.S. businesses that import from many of these important businesses.

I've heard from my colleagues, not just at the State Department, but our leaders in Africa -- ambassadors, manufacturer, as well as U.S. buyers and retailers -- just how frustrated all of us are that this seems to be caught up in the politics of the moment. There is no reason from Congress to delay in approving this act and doing it now.

I want to make it plain: As soon as Congress acts to approve this, the President is ready to sign the third-country fabric provision into law.

Finally, I also want to speak to the announcement that we made last year that we would continue to work with you toward a seamless renewal of AGOA beyond 2015. We believe this is an important topic for our forum here in Washington, but I want to make it unequivocally clear that the Obama administration is eager and ready to work with Congress, and all of you, to develop additional ways that we can strengthen, that we can grow, and that we can diversify the U.S.-Africa trade and investment relation as we work towards this seamless renewal of AGOA beyond 2015. And we'll have more to say about this during the discussions in our AGOA forum.

Extending AGOA will help us to continue long-term trends in Africa toward greater shared prosperity, as well as increased opportunities for all.

Again, I welcome all of our colleagues here for this 12th forum. I'll look forward to seeing many of you, and visiting you in our bilateral discussions over the next several days. And I look forward to seeing some of you when I will visit Africa early next month, and have an

opportunity to take my good friend Minister Tetteh up on her offer to come to Ghana firsthand, and witness all that they are doing.

So, welcome to all of you. We are thrilled to have you here. And I'm pleased to turn over the microphone to our honorable Deputy Director of the Union, and then we will be happy to take your questions.

Thank you. (Applause)

MR. MWENCHA: I'm deeply honored to speak after you, Ambassador Kirk. And I want to thank you for your statement that has captured salient features of what we, Africa, are anxious about.

We want to thank you because during your tenure as USTR representative, you have been to Africa, I think, four times, if I remember well. And each time, you've been present at this AGOA forum. And we also welcome your particular attention to the challenges that we face, and also in exploring opportunities that are unfolding under AGOA.

Honorable ministers from Africa, I want to thank you also for coming, again underlining and underpinning the importance that you attach to AGOA to individual countries, and to Africa as a continent. I see some of you have been at the forefront for many years, both from the U.S. and in Africa. I am tempted to mention a few of the names, like Whitney, and others, who were there when AGOA was being initiated and also conceived and promoted to become an act.

It is actually inspiring to know that President Clinton will be speaking here, because President Clinton is one person that we in Africa give a lot of credit for his coming to Africa, and looking at Africa in the '90s, and seeing that Africa was a gem in the making, even not gem at that time, and finally coming up with this provision of AGOA.

When that was happening, Africa had not started to grow in a resilient manner, as it has done in the last decade. Since 2000, Africa has seen a real transformation, in the sense that we have sustained growth which is 5.5 percent and above, for the decade. Even when there was the global economic and financial crisis, Africa was the region that retained high growth rates amidst that turmoil.

Of course we know the current global economic scenario is worrying everybody globally, and we in Africa are also equally worried. We know that when it happened in the year 2008, 2009, Africa lost a number of jobs, particularly those that depended on exports. This is why we come here, to make sure that we can retool AGOA which, as Ambassador has underlined, has had tremendous impact on the continent, giving hope and opportunities to Africans to be able to lift people out of poverty.

But we also believe that, even on the other side of the continent, AGOA has had positive impact. Because when we look at

exports from Africa, we see a two-way relationship that we would like to nurture and continue to promote in that manner.

Now, as you say, year after year when we meet, we not only celebrate the success of AGOA, but we use it as an occasion to look at the areas that require improvement.

First, on the success, you have underscored areas that AGOA has been able to fulfill -- create jobs, create employment in some key sectors in the continent that we have seen investment come in. And AGOA has also created trade, rising from \$20 billion that was between Africa and Europe, to amend the U.S. to close to \$90 billion last year.

Now, another celebration that is underrated is the fact that under AGOA we have this opportunity for us to meet as a forum between Africa and the U.S. to discuss matters of mutual interest on trade and investment. This is a unique forum that brings together not only policy-makers, but also the business community. And we see a strong appetite from both sides, Africa and the U.S., to the extent that even in the U.S. we now have Corporate Council on Africa that is the forefront of promoting Africa-U.S. relations. This is how it should be.

Equally important, as we see this, AGOA has also shown the rest of the world that the U.S. cares. Indeed, Africa still remains challenged, in terms of having state-of-the-art infrastructure, having quality

products that can enter global markets and competitiveness, and Africa having the capacity for trade that you have so eloquently underlined.

It is in that regard that we would like to see those aspects of AGOA, that we would like to re-tool so that AGOA can continue to remain in the forefront of a tool between Africa and the U.S.

One of the challenges that we see is the fact that what you have just underscored, Ambassador Kirk, is that AGOA, although it's a bipartisan act through Congress, has to have this renewal period from time to time. And the fact, therefore, it does not give that confidence for long-term investment. Now, this is an aspect that we are so happy, especially the point that you mentioned, that we would like to see AGOA given a seamless extension.

The second aspect is the real challenge that is in Africa, the challenge for us to be able to be competitive, given the distance between Africa and the U.S. in the infrastructure aspect. This is, again, something we want to applaud you, because this year's theme of AGOA you have chosen to underscore the aspect of infrastructure and trade.

Africa, given the distance, cannot be able to compete with a number of would-be competitors to the U.S. And therefore, when you look at trade that's coming from Africa to the U.S., it is still very small, in terms of the U.S. total volume of trade. And because of that, we hope this

message would also go to Congress, to indicate that Africa's trade is no threat to the U.S., and therefore it can only continue to support the African continent to continue to grow so that Africa itself can be an important partner to the U.S.

If you look at the pattern of imports to the U.S., the consumer items that Africa gets from the U.S., they are on the rise because Africa is also rising, in terms of numbers, and in terms of diversity of products, looking at the spread from transport equipment to computers, and the rest, that Africa is now consuming -- Africa's policy being to try and get every child to have a computer. And we know the U.S. is on the cutting-edge of technology, where you would also benefit from the one billion people in Africa.

The third aspect that we would like to see looked at, particularly for the textile, is a decision that should be made quickly, because as we speak now, imports have already dried up from a number of countries. And, as you say, there is absolutely no reason why there should be a delay.

The amount, or the volume and the value of African exports to the U.S., even in textiles, is still very small -- less than 2 percent. This does not threaten the U.S. textile industry, except if you look at the other side, what it does. And, therefore, that little investment, which brings, or

takes millions of people out of poverty, should be an important consideration in the U.S. Congress' moving forward in this area.

The third area is to have a mechanism for trading capacity, as you have indicated. For Africa, we want to sell quality products, particularly agricultural products to the U.S. that meet sanitary and phytosanitary. But if you look at the number of products that have been approved, even under the list of products that could come to the U.S. is far too little.

A mechanism that would enable both the U.S. to have capacity to expand that list quickly, but also, on the African continent, to be able to adapt to the U.S. standards.

Now, think about it. We have to meet standards that are European. We have to meet standards that are Japanese. We have to meet standards that are American. Now, for exporters, this is another area they would like to see a situation that we can have standards that do make it difficult for the private sector.

Now, Africa is also on the march when it comes to trade. This year our theme for the continent is "Boosting Intra-African Trade." And because of that, in January, the theme of the summit was "Boosting Intra-African Trade." Africa is also keen to promote integration.

So what we would like to see in the future of AGOA is AGOA that would not only boost an infrastructure for the continent, but also be aligned to Africa's own priorities, and that is boosting intra-African trade, value-addition within in the continent, but also to boost integration.

Now, this way, you will have a strong partner from Africa that can be able to trade more effectively, trade within itself, and also for global trade. We hope that during this 12th session of AGOA, we'll make progress in those two areas, first to ensure that we can have capacity for the U.S. private sector to come and to participate in Africa, especially in the infrastructure. And also for us to have an AGOA that is extended seamlessly, whereas looking at other alternatives that we could have in the future, but also to get Africa trade more with itself, with U.S. also benefitting with that, and also supporting integration.

I thank you very much. (Applause)

MR. KIMENYI: Okay. As they get wired, let me lay some ground rules.

One is that we are not going to accept speeches, (laughter) because we would like to get comments, direct to the point, so that we can accommodate as many as possible. I think that's fair to everyone.

I would also like to urge -- I know that there are a lot of meetings going on this week, particularly with the cabinet ministers and

their counterparts, but at least here at Brookings, it's the only place that you can feel free to say what you won't say in those cabinet forums. So at least you can now speak your mind, and the best thing that you would have liked to tell Ambassador Kirk, or what you think can work. So -- very frank and open discussion.

So -- we have mics that will be going around, but I will take three questions at a time.

I know that one of the issues that everybody wants to ask is about the third-country fabric provision. I think they have talked about it. So we will not push him so much. So may I take some questions? Questions and comments -- and comments, brief comments.

Okay, we have a gentleman here.

And please introduce yourself, briefly, who you might be.

MR. SICHINGA: Thank you very much. My name's Bob Sichinga. I'm Minister of Commerce, Trade, and Industry, Zambia, outgoing chairman of the African Consultative Group.

I wish to take up the point that Ambassador Kirk has just made reference to, in terms of the third-country fabric. That's important for us. And we will push him far.

Under the circumstances, where we have had these delays, and we have this agreement coming to a close on the 30th of September,

we do have in our midst countries that have already suffered from a drying up of the orders.

Do you think that the United States would have allowed the situation itself if it was in Africa's position, not to have this agreement in place and extended as we go towards this arrangement? And how do you think this is helping?

Because that's the one particular area that seems to show success -- okay? So we would like to find out how will proceed forward, in order that we do not suffer any more losses amongst the countries that are benefitting from this.

Thank you.

MR. KIMENYI: Two more questions before we answer.

I have a gentleman in the corner. There should be a mic there. Yes, those two gentlemen, in the corner.

SPEAKER: You have spoken about renewing AGOA. I was wondering, would renewing AGOA include kind of forms of enhancement to promote more integration, to provide more technical support, or to, you know, help deepen trade ties? Because it seems like the current AGOA, while useful, it seems like it needs to be expanded.

Is that currently in the administration's plans?

SPEAKER: The gentleman in the back. Again, if you could say your name so we know who you are. The one next to you.

MR. MARCHAND: My name is Greg Marchand. I'm the president of the American Chamber of Commerce in Zambia.

Thank you, Ambassador Kirk, for gracing us at our launch last year at AGOA. I'm also the chairman of the Coalition to Increase Investment and Trade to Africa.

The question is around a piece of legislation that is currently in subcommittee, around increasing jobs in the United States through exports to Africa. I think it's being supported by Senator Durbin out of Illinois.

The question is, what type of refinements can be made to this piece of legislation to make it move through Congress faster, and eventually be passed into act?

MR. KIMENYI: Okay. Very good. That's quite a bit.

Ambassador Kirk?

AMBASSADOR KIRK: Well, given the mood in Washington, I don't know that you can refine anything to make Congress move on it. And that's -- if it wasn't so important, particularly as it relates to the first question about third-country fabric, I mean, it would be laughable.

None of us -- I mean, as proud as we are of our having the oldest and, I think, the most successful democracy in the world, there are lessons to be learned, that allowing just raw politics and partisanship to have the corrosive effect that it can on our legislative process, we end up with a result where there is almost universal support in Congress, and understanding of the need, of the wisdom, of the benefit of renewing this third-country fabric, and the fact we needed it done in the spring, because business decisions are made now. I mean, I'm not proud of where we are, but -- and I don't like saying, you know, it's not our deal. But the ball's not in our hands.

If it was up to the administration, the President could do this by executive order, we would do it. But the bottom line, Congress has to act. We've had strong leadership and support in the House and the Senate, among members of the Black Caucus, your diplomatic corps, business groups -- I see numerous friends here representing our trade and advisory committee, the Committee on Africa.

We've all gone before Congress. I've gone before Congress. But we are regrettably in an election year, and I think there are some people that believe, you know, that partisan politics should trump things that make sense.

In this case, this helps the United States. This isn't some gift just to Africa. We are beginning to have an integrated market, in which U.S. businesses rely and source from Africa. And so we need that done.

And, Greg, on your point, I mean, I'm just not going to waste time on what we would do to refine it. We share much of the goals of what is expressed. In the creating jobs, I would make the case. The administration is already doing that. I mean, I share some of those, many of those goals.

I think we have the tools within AGOA -- and I will bleed over into -- you didn't identify yourself, addressing the young man -- that when we refine AGOA, I think that gives us an opportunity to look anew at what else we can do to strengthen and expand AGOA, and at least, thank God, we've got sort of a two-year or three-year window to get that done.

But the administration's going to move forward with doing things that make sense. And I don't want to, you know, get ahead of that. You'll hear more about what we plan on doing in greater specificity over the next several days.

Some of it will build on what we are already doing through the President's Developmental Initiative that he put in place two years ago. If you look at what we've done with many countries here, such as Zambia, and Ghana, and others, through our Partnership for Growth, I think it is a

road map for how we think we can further integrate our economies and enhance Africa's competitiveness.

I mean, we can talk around this, but the tools for growth and enhancement and competitiveness in a global environment, we know. And the good news, there are enough examples among our AGOA countries that are taking the steps on governance, and anti-corruption, investing in their people, investing in their entrepreneurs, investing in their infrastructure, diversifying from just non-oil. And they're seeing their economies grow.

We don't have to reinvent the apple. But we can speed the integration of the regional economies, which -- you heard the Deputy Director speak -- the African Union's doing. We can do more to empower our small and medium-sized businesses. All of things, I think, will help us drive trade and investment in an upward trajectory.

But the administration's going to be as creative and aggressive as we can. But I would say again, we are eager and hopeful that Congress will move, particularly on this third-country fabric, because it is critical now. Businesses are making sourcing decisions now. And there are literally millions of jobs and lives that are going to be impacted by this, if we can't get this resolved in an efficient manner.

MR. KIMENYI: Thank you very much.

Mr. Mwencha, would you comment on what would you like to see on the enhancement of AGOA? What specifically would you want to see included, particularly to support regional integration?

MR. MWENCHA: You have just underscored one of them.

AGOA, as it is at the moment, the biggest challenge is the fact that, as we said earlier on, does not give that investment and long-term stability for it. None of the investments -- if you're going to talk of value-addition, and investing in manufacturing, these are long-term investments, which require more than just a couple of years, and renewal all the time. And look at the challenges we're having with this renewal.

So that stability is extremely important, to give it to AGOA.

Now, the second aspect, of course, is having instruments within AGOA. If you look at the textile sector, because has innovative instruments, it has been able to have impact. And that has already been very well stated. We could think of -- and Africa has identified a number of areas. I mean, we're talking of infrastructure. What kind of instruments can we give, for U.S. investors to come and invest? We have a huge gap for infrastructure in Africa. And we are also encouraging PPP.

Now, those are a couple of things we can kick around, how we can do that.

And the third point that we see is really that capacity. Because this is a technical, but which pays off -- and you're not talking of a huge investment, but the returns are big.

I visited a group of women in Rwanda who was exporting products to the U.S. And when they came up here to -- first of all, these women would never have known even there is a market in the U.S., except for that fact that somebody assisted them, to give them air ticket, to come and identify what the U.S. trade regulations are like, to go back and help them to form groups, and then understand the intricacies of trade. And they started exporting.

Now, when you go back, they tell you they have seen themselves now they can pay fees, they have money to have that house, they can have money for hospital. Now, that is what you mean by lifting people. And that is the technical aspect of it that we would also like included.

MR. KIMENYI: Thank you very much.

Let me take another round.

I can see my minister there, from Kenya.

MR. WETANGULA: Thank you, Mr. Kimenyi. My name is Moses Wetangula, Trade Minister, Kenya.

Ambassador Kirk, I will not tire repeating third-country fabric.

Do you see it being renewed in the remaining three months?

We know what you have said. We appreciate that.

Number two, we have a lot of infrastructure development going on in Africa. And your country, the U.S., has very strong private sector, very ambitious, very forward-looking. We called your country the "land of the profit margin." We were told, in Africa, as well, they are making profits.

How come we don't see your private sector participating in competition for infrastructure programs in Africa? Energy programs, roads, rails, new harbors, and so on?

The last one -- we're encouraging small and medium enterprises to grow in Afghanistan. You are a huge market. But the big problem I see, particularly in my country, accession to visas to visit your country by our business people is extremely difficult. And even where it is given, it's extremely expensive. It wipes away even the little profit that those women, and the young entrepreneurs, will make in the businesses they are trying to undertake.

Is there anything you can do about that?

MR. KIMENYI: Thank you very much.

There was a lady right at the back. Right at the back, that lady at the back. Yes -- brief.

MS. SEGERO: Good afternoon, ladies and gentlemen. Happy to see you, Ambassador Kirk.

My name is Rosemary Segero. I'm from Kenya. I'm the president of Segeros International Group.

I want to say, me as a civil society and a businesswoman here in the U.S., we are trying very, very hard, with a wonderful organization here in Washington, D.C., like Manchester Trade, and others, going to the Hill every day to see that AGOA is passed. And, Minister from Kenya, yes, it's three months, but we are going to make sure it's done, because we are there every day, knocking on the doors, that this textile and apparel be passed.

The other thing is, Mr. Ambassador Kirk -- you know Africa? Africa has been called poverty, Africa has been called low-income, Africa has been called the corruption, and whatever.

I think when you go to Africa -- I want this to be known today -- women in Africa are the backbone of Africa. When AGOA is being extended, make sure women are on the forefront. Because women are the most hardworking women in Africa, compared to all these men that

you see here today. (Laughter) But we appreciate they have come.

(Applause)

MR. KIMENYI: Okay. That's nice. Thank you.

MS. SEGERO: How -- looking at textile and apparel, how is Africa going to compete with China, now that China is in Africa? Now they see an opportunity, and then they say "Africa."

How is it going to come there? And how can it benefit Africa, as owners, and to have ownership of textile and apparel, through AGOA?

Thank you.

MR. KIMENYI: Now, I'm going to be cutting you if you make a long speech.

Another one?

Let David -- David, over there. David, a brief one.

MR. CAPRARA: This is David Caprara of Brookings Global International Service.

Ambassador Mwencha, we met you in Nairobi with President Kibaki's Global Peace Convention a couple years ago. I have a question -- in our common interest of security across the pond, the recent flare-ups or hot-spots in the Horn of Africa, with Shabab, or Nigeria.

Is there a case to be made, with the Congress, and other global partners, that AGOA, and expanding this robust partnership with

trade is part of the equation of dealing with some of these underlying challenges -- for example, the youth bulge -- in bringing up more young entrepreneurs in Somalia, in Kenya, and across the region? And I do bring you greetings from Dr. Manu Chandaria, founder of the East Africa Business Council, who is making this at the U.N., July 2nd, in Nairobi, at the conference there.

Thank you.

MR. KIMENYI: Thank you.

Okay, can you take --

AMBASSADOR KIRK: Why don't you take yours first, and then I'll --

MR. KIMENYI: Take the David question, and then you take minister from Kenya's question.

MR. MWENCHA: It was a question on -- peace and -- yes, but I think there was another question which was first, on China. I would start with that one, on China.

The point you raised is how is Africa going to compete with China? And that is a point we have already underlined under AGOA.

If you step back, five years ago and beyond, that is going backwards, Africa was entering the U.S. market because of quota-free aspects. And that is because Africa, if you look at the merchant -- I don't

know what the tax is now in the U.S., the tax on textiles and apparel in the U.S. was about 17 percent. I don't know what it is at the moment. And because of that, the merchant, if you look at exports in the U.S. from the rest of the world, the competitiveness of Africa was on the aspect of quota-free.

Now, when that was removed, Africa had a sharp drop, in terms of exports to the U.S. But, over time, Africa has now been able to develop and gain the ground lost due to the MFN -- you know, the multifiber agreement. And so Africa now is able to compete. And, in fact, globally, it's very clear that Africa is the destination for investment.

China is also becoming now a high cost. And the studies that have been undertaken -- there was one that was done by the World Bank -- indicate that China is ready to give up something like 85 million jobs. And where is that going to be? The destination is Africa. Those same studies indicate that Africa has come of age. In a number of areas, Africa is now in the forefront. An example was given by Ambassador Kirk when he talked of the shoe industry in Ethiopia, for instance, is as good as you can get anywhere in the world.

And so Africa is ready now to start competing. And so Africa will be ready to compete with China, but China can also invest in Africa,

because Africa has got the land for growing agricultural products, including those that would feed into their textile industry.

If you look at the land that is available in Africa -- 50 percent of the global land is in Africa. And any future growth, whether it's food or in agri-industries, it is Africa that is going to be the future.

Now, the point that you mentioned about peace and security is crucial for the continent. But to give you a short answer, Africa -- this is one area where Africa has invested a lot, and also the international community has helped a lot. It still remains a challenge.

But if you look over a period, 10 years ago you would have been having no less than 20, 15 active conflicts in the continent. Today, you're looking at four or five conflicts. They will never finish.

And the point that you linked trade to peace and security is important. I was reading *The Economist*, the current *Economist*, which talks about Afghanistan, and says if we can have trade, more trade, we will also have more peace. And that's why trade -- because you lift people, you create avenues for cooperation, and therefore you will reduce tensions, you make peace.

MR. KIMENYI: Thank you very much. I'm getting a bit nervous with the time.

AMBASSADOR KIRK: I'll quickly respond.

I mean, I don't know I can say any more strongly how committed we are to working to renew third-country fabric. We will do that.

But I also think, inherent in that, is the need for us to have a more honest discussion about diversification of exports to the United States, away from both oil and textiles. The reality is, because of the manner in which the United States operates our preference programs, they are non-reciprocal. So we ask nothing in return. But the number of countries that have the duty-free ability to send us textiles is fairly expansive.

And I think it behooves us, as we have seen the difficulties of some of our political challenges, to also look at the opportunity we have to maybe not put all of our eggs in a textile basket, because of the fact of something -- the minister, the director, said, Africa has so much more to play with. I mean, you have resources, you have land, you have -- I mean, one of the things that sticks in our craw, still, the utilization of what you could do under AGOA is still less than 10 percent. I mean, there are 90 percent of products that we do not export.

And you're here at a curious time -- and I can't help it, I'm a big sports fan -- we're in the middle of our NBA playoffs right now, between the Miami Heat and the Oklahoma City Thunder. And had I been

a better basketball player, I wouldn't have been a trade minister.

(Laughter) But my high school coach always had one simple philosophy, and he'd always say, "kid, you gotta take the open shot." He says, "You got a great heart, but you can stand under the bucket, I can turn off the lights in the gym, you're not gonna dunk. You're six foot one. It ain't gonna happen."

And, you know, it just feels like sometimes we all keep trying to force everything through the funnel of this textile bucket, when Africa has the ability to exploit and utilize so many other resources that other countries can't play in.

So I want to make it plain: We are going to work with you. We are going to solve third-country fabric. But I think there is a lesson to be learned here -- let's begin to develop products that other countries can't exploit.

And I want to say this about China, because it was instructive to me. And this has been a wonderful partnership, getting to know all of you. But I used to have a wonderful story I would tell American businesses about what it was like to go to Africa. And it was true. On my first AGOA forum, we came to Kenya. I then went to Ethiopia and Senegal, and I visiting with a bunch of ministers, and we were having a very spirited debate about the difficulties of doing business with the United

States. And somebody defiantly told me, you know, "Whether it's you, or Secretary Clinton, you know, we get lectures about democracy, and corruption, and bribery. And we don't have to do any of this stuff, when we can do business with China." Because China comes with no strings attached, and China will -- you know, "Why should we not take the money from China, versus having to get a lecture from the United States about governance and stability?"

And three years later, when I come back, I'm hearing many of you say, "God, we need to do business with the United States." And I challenged the guy who made the statement to me -- when your country went through your independence, where did you choose to send your children to school? Where did you choose to send them to get their values and their education?

Long-term, there is no shortcut to building a sustainable society that does not have a solid, open democratic form of government, in which the people determine their future, and not the government. That has an environment that invites investment because of the rule of law, and stability. That understands that countries that invest in women and girls, as well as boys and men, have more boots on the ground, have more opportunities to grow and prosper.

And we can talk around it all we want -- and we'll be here again -- but those are the fundamental building blocks of a long-term, sustainable economy. That is the surest path to lift people out of poverty.

And AGOA is one of those tools that we can put many of those building blocks in place. And that's what I hope we will continue to work towards.

And, again, I say to you: this is not abstract. There are marvelous examples among you in this room now that are on that path, and whose economies are growing and prospering. And as to my sister who spoke so passionately -- as we say in the South, I can only say, "Amen." (Laughter) And thank you for what you continue to do. And we'll continue to work with all of you.

MR. KIMENYI: I think we have to --

AMBASSADOR KIRK: I think you've got another speaker.

MR. KIMENYI: Yes, we have another speaker. And the time.

So, let me take this opportunity -- I think we have another session after the next one, so we will have time to probably go deeper into some of the issues that started.

But I have to thank Ambassador Kirk for being candid, and being very positive about the third-country fabric provision. And hopefully it will be going through. Unfortunately, we don't have the Congress here, but we know you are trying.

AMBASSADOR KIRK: And I do want to say, we are working on the infrastructure and investment. We are talking to American businesses every day. And, again, in those countries where they find good governance, predictability, stability, security, you are seeing American investors readily move into Africa, they want to partner.

We saw it in Tanzania. Again, we're seeing it in Rwanda, we're seeing it in Ghana, we're seeing it in South Africa. We want to see it in all of your communities.

MR. KIMENYI: Thank you very much. And, Vice Chairman Mwencha, thank you so much. We'll be with you the rest of the afternoon, so we'll be interacting more. So, thank you very much.

May I ask that -- let's give them a clap. (Applause)

Now, may I please ask -- according to the instructions I have is that everyone has to remain seated. I don't know what's going to happen to the people at the back.

SPEAKER: Well, they remain standing.

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