

THE BROOKINGS INSTITUTION

A BROOKINGS PRESS BRIEFING

"U.S. POLICY TOWARD AFRICA
ON THE EVE OF THE PRESIDENT'S TRIP"

Monday, June 30, 2003

2:00 - 4:00 p.m.

Falk Auditorium

The Brookings Institution

1775 Massachusetts Avenue, N.W.

Washington, D.C.

[TRANSCRIPT PREPARED FROM A TAPE RECORDING.]

SPEAKERS

Keynote:

WALTER KANSTEINER

Assistant Secretary of State for African Affairs

Moderator:

SUSAN E. RICE

Senior Fellow, Foreign Policy Studies and Governance Studies, Brookings; Former Assistant Secretary of State for African Affairs (1997-2001)

Panelists:

JAMES HARMON

Chairman, Commission on Capital Flows to Africa; Former Chairman, Export-Import Bank

CHESTER CROCKER

James R. Schlesinger Professor of Strategic Studies, Georgetown University; Former Assistant Secretary of State for African Affairs (1981-1989)

AMBASSADOR PRINCETON LYMAN

Ralph Bunche Senior Fellow for Africa Policy Studies, Council on Foreign Relations, Former U.S. Ambassador to Nigeria and South Africa

JAMIE DRUMMOND

Executive Director, Debt, AIDS, Trade-Africa (DATA)

GAYLE SMITH

Guest Scholar, Governance Studies, Brookings; Former Special Assistant to the President and Senior Director for African Affairs

PROCEEDINGS

MS. RICE: We have a very special guest, Assistant Secretary of State Walter Kansteiner, my successor at the State Department, who has a very distinguished background and career and will be kind enough to talk to us on the eve of the President's trip about U.S. policy towards Africa and the objectives and goals of the President's upcoming trip from July 7th to July 12th.

It is a great honor and pleasure to introduce Walter Kansteiner. Walter has been a friend and colleague for over 10 years. He served with distinction in both government and the private sector. Before coming to the State Department, I should say coming back to the State Department in 2001, he was a founding principal at the Scocroft Group.

He also, before that, was Executive Vice President of a commodity, trading and processing company. He has over 20 years of experience in Africa and emerging markets, working in business and private-sector issues, but he also has a distinguished government career. He served as Director for African Affairs at the National Security Council in the first Bush administration and also at the State Department's Office of Policy Planning and the Secretary's Policy Planning staff as Africa Specialist.

In addition to being a tremendous expert and a very successful policymaker, having focused a great deal of his time and attention at the State Department on increasing trade and investment flows between the United States and Africa, he's also, and I don't think this gets said often in this town, one of the nicest and most decent people I've ever had the privilege to work with. So it is with great pleasure and affection that I get to introduce Walter Kansteiner.

[Applause.]

SECRETARY KANSTEINER: Well, that was way too nice. I'm starting to get worried already. Thank you, Susan. That was very kind. You know, you're never sure, if your predecessor is going to introduce you, exactly how it's going to turn out, but that was very sweet, and I feel a little bit in awe with this line-up right here. This is "Africa Central," and two predecessors, Dr. Crocker, as well. It makes you a little bit nervous when you stand up on the podium and get checked out.

But thank you for this opportunity. I am glad to be here. We do have a very exciting presidential trip or as we say in the lingo of Washington, POTUS, the POTUS trip. And we are excited about it, and we think it is going to be a good one, and it is going to hopefully highlight some of the things that we have been working on very hard in the last 2.5 years, and then also encourage us and encourage others to work on some issues that are still out there and need to be focused on.

So, if I could do kind of when, where and why, and then open for questions; is that the deal? Okay.

The when is the 7th to the 12th, as the President has announced, of July. I think we actually arrive in the first stop, which is Senegal, on the 8th. So the trip looks something like this. We go to Senegal, and from there to South Africa, from there to Botswana. After Botswana is Uganda, and the last stop on the trip is Nigeria, and then home.

That is the when and the where, and then of course the why is because we have got a lot to do on this continent, and these are some of the stops, and of course if we had more time in the President's calendar, we could do a lot more stops, but this is the reality of life in the 21st century in the White House, and so we have got our six or six and a half days, and we are going to make the very best of it.

A couple of the themes that we are going to be looking at and addressing and having some dialogue with Africans, and talking to our African partners, but also with some speeches that the President is going to give, are going to focus around the economy and the developing, emerging-market decisions that have to be made by these governments.

These are sometimes tough decisions, but very important decisions, things that, quite frankly, are captured partially in the Millennium Challenge Account, where we are looking for government's actions and policies that liberalize economies, open up to the private sector, encourage the African entrepreneur to invest in his own business, as well as encouraging the government to help those African businessmen and businesswomen to achieve.

So we are going to be talking to African businesspeople. We are going to be reaching out. We are going to be looking for ways that we, as government-to-government, can help both our private sector, as well as the African private sector.

A second major theme is HIV/AIDS. It's a primary pillar of our Africa policy, and it is one that the President is personally committed to and very much involved with. As most of you know, we have a \$15-billion commitment to HIV/AIDS, 14 countries around the world, 12 of which are African, and we are going to be working with those 12 African partners, looking at what are the best delivery systems.

We have now hopefully come very close to getting all of the appropriated monies, and now the question is how is this wealth, how is this resource going to be distributed so we actually get the most positive effect. Is it education? Is it treatment? What about research? All of the questions that make up the HIV/AIDS, Africa engagement we will be looking at and working on.

A third area is environment. Africa has some very unique ecosystems, and these are ecosystems that need to be protected. You remember Thabo Mbeki, President of South Africa, has said Africa is the lung of the world, both literally and figuratively--literally, because it's Africa's open spaces, it's Africa's rain forests that are providing us oxygen.

How does the world recognize this? How, as government's, both African and non-African, how do we help preserve some of these ecosystems so, in fact, that lung can continue to breathe? How do we protect these unique environmental landscapes so the second-largest hard-currency earner in Africa, tourism, is revived and, in fact, sustained. So environment is going to be particularly key on this trip, and we look forward to some of the events that we will have for the President.

Another major area is democracy; that is, how do we encourage the strengthening of democratic institutions. You know, we always talk about this capacity building and civil society. Great. What does that mean? How do we encourage independent media in countries that don't have a tradition or culture of an independent media?

What are the ways that we actually help judicial systems become transparent, honest, open, and independent? So those are some of the discussions we're going to be having with our African hosts and with some of the civil society throughout Africa.

The final area that the President will talk to our partners with and look at closely is conflict resolution. Of course, conflict resolution maybe is the one we should start with because you can't build an HIV/AIDS clinic, you can't protect the landscape, you can't encourage African entrepreneurs if there's a shooting war going on. In fact, conflict resolution will be actively discussed, and the diplomacy that surrounds, hopefully, some of the resolutions to these conflicts will be actively engaged.

That's kind of the main setting, if I could, and anything that, any questions on any of it I would be happy to launch into and get any feedback from you all, and tips, advice. We've still got a little time. Most of the trip is fairly well-planned out, I hope, but there is always some flexibility. So truly if there are any bright ideas out there, we would love to hear it.

I will open it up.

Yes?

QUESTION: Mr. Assistant Secretary, Bob [inaudible], Cox Newspapers.

Some of us are struck by some of the places the President isn't going--South Africa, a place you know well. He's not going to Capetown, he's not going to Johannesburg. Why Pretoria? Is there any plan to meet with Nelson Mandela? And why is the President foregoing to symbolism inherent in going to a Robin Island or to a Cape Town on this visit?

SECRETARY KANSTEINER: Partially, it's just logistics and time constraint. As you know, the government seat is Pretoria. We're meeting with President Mbeki in Pretoria. He's got a very tight schedule. The Organization of African Unity (OAU) is some days just after our visit. President Mbeki, as President of the OAU, outgoing President of the OAU, needs to get prepared for that. So part of it is the logistics, seat of government,

and also ability, quite frankly, to move around and not only do conflict resolution issues, which the South Africans have been very, very helpful on throughout the continent, but also do some environmental things and some HIV/AIDS things.

So it ended up, logistically, in every way, being the right place to go at the right time.

QUESTION: What discussion was there about seeing President Mandela?

SECRETARY KANSTEINER: President Mandela's calendar was such that he is not going to be in town. He's not going to be in country. So that was not going to work out logistically on either side.

QUESTION: George Condon, with Copley News Services.

One of the reasons we've had so few presidential trips to Africa, for example, 20 years between the Carter and the Clinton presidency, is the difficulty in defining the U.S. national security interests on the continent. What does this administration see as what's at stake in Africa for the United States? What are our national security interests?

SECRETARY KANSTEINER: Well, you know, Africa has a number of national security interests. The mid- and long-term one, quite frankly, is that Africa is the world's last emerging market, and, in fact, it is going to become increasingly important, both commercially and economically.

Our children and our grandchildren will have, much more likely to have serious business, financial, political, commercial links to Africa. It is growing in that direction. So, from a national interest point of view, in fact, our interests are expanding, and increasing and growing every year and every decade.

Right now, here and now, we're looking at a 2005 estimate that 20 percent of our oil imports will be coming from Africa, and that's also going to grow rapidly and markedly in the years after 2005.

We have very real humanitarian interests. We have very real political interests. Africa is a place that the President has said we will not forget about Africa, we will not forget about its health challenges, its HIV/AIDS challenges, we won't forget about helping build these democratic institutions. So we have very real, here and now, national interests, and those national interests will increase as the years go on.

Yes?

QUESTION: [Inaudible] with Reuters.

Right now, in Liberia, there are calls from Britain, Liberians, for the United States to intervene. In Congo, Kofi Annan has called for the United States to support a larger U.N. security force. President Bush left those questions or those calls unanswered in his

speech last week. My question is to what extent would this trip, could it further shape policy in that regard? Is the United States considering further actions in those regions, and how would the trip address those issues?

SECRETARY KANSTEINER: The President mentioned in his speech the other day that, in fact, we very much want to be engaged with helping the Liberians find a road to peace. How that engagement comes about, we are still very seriously looking at and considering. Politically and diplomatically we're engaged and will remain so.

We've got folks in Ghana right now working to solidify the ceasefire that is holding at the moment. We're looking for ways that we can make sure that this new ceasefire, in fact, is abided by and people stay true to their pledges.

I think the trip probably will help in a sense that it's going to be brought up. Certainly in West Africa, the two stops in West Africa, both Senegal and Nigeria, I would imagine that at the top of the list for both of those countries, conflict resolution, Liberia is going to be right there.

Cote d'Ivoire will also be a question on conflict resolution, as will Sierra Leone. So I think, in fact, it will help get the consciousness raised, if you will.

QUESTION: And Congo?

SECRETARY KANSTEINER: Congo, I think what we will probably be most engaged on, on the Congo discussions, both in South Africa, where the South Africans have played an extremely helpful role, as well as Uganda, which they have played a direct role and now have withdrawn.

Yes?

QUESTION: Ryan Donmoyer [ph] Bloomberg News.

You talked generally about the "why." Would you mind just walking through why we're stopping at each stop we are, why we're in Senegal, why South Africa, et cetera?

SECRETARY KANSTEINER: Sure. I'd be happy to.

Senegal is a West African country that has a very good and honorable track record in democratic institutions, and in fact have not only established those institutions for Senegal, but are now spreading the word and being the missionaries in the region, explaining what a free and fair election is all about, and how it works effectively, and how you can have a transfer of power that is both peaceful, as well as reflects the will of the people of that country. So democracy is a very important component of that.

Private sector involvement is also. Senegal is increasingly taking advantage of things like AGOA, the African Growth and Opportunity Act, which provides African goods to

come into our country duty free. Some 6,000 goods now from Africa have no tariff, and the Senegalese have done a great job of looking for opportunities to take advantage of AGOA. And HIV, President Wade has been a very good regional leader. So that is one kind of couple of core issues there.

South Africa is the economic powerhouse of the continent. It has not only a political and historic, but very much economic, rationale for that. President Mbeki is a leader. President Bush and President Mbeki have an excellent relationship, and it is important to check in with one of your key partners on the continent, and so we are very much looking forward to that.

Botswana is an important stop. It represents a country that has had terrific leadership on HIV/AIDS. Also, democratic institutions are well-founded and quite firm there, repeated free and fair elections, independent media, good judicial systems, real transparency, and have a terrific environmental record, have recognized that the unique ecosystems of their country are eager to demonstrate how those really help the people of Botswana.

Uganda is an important player on the war against terrorism. It is also a good friend and key ally. We have a lot to talk to President Museveni about concerning HIV/AIDS. We have a lot to learn from President Museveni on HIV/AIDS. We also have some conflict resolution issues, including the Congo, and those will be discussed as well.

And, finally, Nigeria is also a political and economic powerhouse. We now have President Obasanjo starting his second term, a terrific opportunity to make some very tough, necessary reforms, and we are encouraged by the early signs of that, and we want to touch base with President Obasanjo.

QUESTION: Charlie Cobb with AllAfrica.com.

Relations between this administration and South Africa have been somewhat strained over Iraq and over Zimbabwe. Is the President bringing particular proposals to South Africa with regard to Zimbabwe, and is Iraq in the discussion with Mbeki, who has taken the lead, in terms of African objection to U.S. policy in Iraq?

SECRETARY KANSTEINER: Well, I suppose I should take my lead from Foreign Minister Aziz Pahad, who over the weekend said, "We have much broader issues to talk about in our bilateral relationship." And indeed we do. I mean, there is a tremendous amount we have on our plate with the South Africans, and we will cover it all.

On Zimbabwe, as you maybe saw Secretary Powell's op-ed in the New York Times and President Bush's reference to Zimbabwe in his speech the other day, where we, in fact, are encouraged by what we hope is the beginnings of a dialogue inside Zimbabwe, between the key parties and the key players, that that dialogue will lead to some kind of transitional framework that will enable the people of Zimbabwe to have their voice heard in an election that is internationally monitored and truly free and fair. So we are

perhaps starting to see the very beginnings of that process, and we want to obviously encourage that.

The South Africans have a very important role to play in that, and they are playing that. We want to talk about that, and we want to touch base with them, and we want to see how we can help.

Yes?

QUESTION: [Inaudible] Campaign. President Bush signed a bill authorizing \$3 billion to fight global AIDS. Will he follow through with his promise and pressure congressional appropriators to appropriate the dollars this year and bring what's needed to Africa?

SECRETARY KANSTEINER: Indeed. And how that money is going to be spent, assuming that we will get the appropriations, how that money is going to be spent is as important, if not more, than getting the money. How we roll that delivery out, that's what is critical, and we are working very hard on that right now.

But what we have got to ask ourselves, and we have got to ask our African partners, you know, what are the priorities? Is it treatment? Is it education? What is the mix between treatment and education? How do we do research together? What kind of infrastructure needs to be built? In fact, a tremendous amount of health care infrastructure does need to be built if you're going to fight HIV/AIDS, if you're going to fight it effectively.

So all of those delivery questions are going to be on our plates sooner, rather than later, and we better start addressing them.

Yes?

QUESTION: My name is John Perry. I'm working for Global Justice. I'm from Zambia, Africa.

My question is, besides the areas that you have mentioned which President Bush is going to focus on when he visits Africa, do you have any information if he is going to look at issues of debt cancellation? If not, why?

SECRETARY KANSTEINER: I'm sorry. He's going to look at?

QUESTION: Issues of debt cancellation.

SECRETARY KANSTEINER: Aid.

QUESTION: Debt.

SECRETARY KANSTEINER: Debt, I'm sorry.

HIPC is obviously the structure that right now we want to support, and will support, and do support actively and encourage it. It is a good beginning, and I think this administration is certainly open to looking at HIPC plus and other debt issues. But HIPC is what is on the table now. We need to be there for it. We need to be supportive of it.

I think other initiatives, we're open to listening to them and hearing about them.

Yes?

QUESTION: Jim Fisher, Thompson Washington File.

Mr. Secretary, in the President's speech, policy speech at the Corporate Council on Africa Summit last week, he mentioned the importance of these system of regional business hubs that are being established in Africa. I understand one of them is in Botswana. Do you know is the President planning on visiting that, and could you comment some more on the importance of those business hubs?

SECRETARY KANSTEINER: Well, I think it would be great if he visited. I am not sure if it is on the schedule or not. I opened that trade hub, so I like the little plaque out there.

Those trade hubs actually are very important, and they are a good story. There are three trade hubs that we have now opened in Southern Africa and Botswana, in Ghana, in Accra, and in Nairobi, Kenya. And what these trade hubs are hopefully going to do is, number one, encourage trade between the United States and Africa, and encourage investment from America to Africa, and how do we do that?

First of all, it's a kind of a 'one-stop shop,' hopefully, where African entrepreneurs and African business folks can come and learn about what the opportunities are. What are some of the rules and regs of getting their goods and services to the United States? And then once they kind of learn about what the rules of the game are, how do we, in fact, help those entrepreneurs make their export a reality?

For instance, in a couple of the trade hubs, and hopefully all three, in the short term, there will be phytosanitary and sanitary specialists on agricultural goods. There have been problems in the past where African agricultural products can't make it into the United States because they don't have the proper documentation, the sanitary and phytosanitary, because they haven't had the correct approvals.

And so we're actually trying to get people on the ground there to go out to the asparagus farm to make sure that, in fact, they do have the proper phytosanitary documentation so they can export asparagus to the United States.

Now, I'll probably get in trouble because asparagus isn't on the list or something, but I'm using that only as an example.

Yes? Go ahead.

QUESTION: Sima Ghani, student.

Given the difficulties in Iraq building democracy and placing institutions there, and in Africa corruption and lack of democracy is such a huge problem in terms of economic development, what specifically does the President have as an agenda in terms of democratic institution building?

And, two, one of Africa's biggest challenges is in pulling back human capital and expatriates back to the country and the continent to help in development. Is that going to be an issue on the President's agenda in certain countries and how does he hope to talk about that?

SECRETARY KANSTEINER: Well, I think it will be, and I hope it will be, and we're going to try to push it to be because, in fact, one of our major projects within this private-sector encouragement is the building of capital markets. How do you help build those capital markets is, in fact, to take African capital, and there is African capital that's available to return to Africa. A lot of African capital, both licit and illicit, has fled Africa, and certainly the licit ones we want to see return.

How do you encourage that? How do you get someone that has left Africa with their money to be interested in going back and investing in their home country or their home region? And part of it is simply making that market more attractive. Is there stock market issues that we need to be looking at to allow a freer flow of capital?

Jim Harmon has been working exactly on this issue, capital flows. We are working on how you put together forces, stock exchanges. The good news is there are 18 stock markets in Africa today. That is 18 markets that African entrepreneurs can go to, to raise capital in. The bad news is there are 18 of them, which means all but two or three are tiny, tiny--low volume, not much liquidity. It's a problem.

So how do we encourage, perhaps, dual listings so at least you can gain access to additional capital? Well, you have to start with listing laws and listing rules, and perhaps we can harmonize listing regs for African stock markets. So these are a couple of projects that we're working on now and, in fact, we want to very much engage with the President and with our African partners on this trip.

Last question. Is that okay? Yes, last question.

QUESTION: Al Milliken, Washington Independent Writers.

The way Sharia or Islamic law has been implemented or imposed upon others in Africa, does the administration see this playing out similarly, as it does in the Middle East and Asia, or do you see it quite differently?

SECRETARY KANSTEINER: Sharia has come up in Africa, importantly, in places like Sudan, which the peace process in Sudan very much has Sharia as a prime component that needs to be discussed as they get closer to a final peace settlement, and we hope that's weeks away.

Sharia has also come up in places like Nigeria, where there has been a fairly widespread, a couple public stories on Sharia being applied to certain Nigerian citizens. Sharia is, in a Sudan context, is an issue that the Sudanese parties are grappling with right now. It is not an easy one. Again, in the Sudan context, you have a predominantly Christian animist South, trying to pull together the notion of a country that is unified. And when asked to go to the capital, they want to have those personal liberties, and civil liberties, that they experience in the South applied to them in the capital. That is perfectly understandable.

So how we deal with it, I think it's a matter of the parties to work together. We have got some ideas on it, and hopefully in the next few weeks we are going to try out some of those ideas and see if they work.

Thank you all very much, and thank you, Susan.

[Applause.]

MS. RICE: Thank you, again, Walter, for joining us and giving us the administration's take on the trip. We have a distinguished panel of experts, which I will introduce in just a second, but I would like to begin by noting that the President's trip comes at a point in his administration where, in fact, he has had a considerable amount of time to put in place the framework of his policy towards Africa and to indeed launch a number of initiatives that buttress that framework.

In Africa policy, I would note, perhaps in contrast to other areas of foreign policy, there has been a tremendous degree of continuity in the basic elements of policy, in the key pillars, and focus, and initiatives between this administration and, in fact, the previous one. As Walter outlined, the areas of focus in conflict resolution and promoting development through trade and investment, as well as development assistance, dealing with health and human capital issues, and conflict are all very much part of a whole that has become what I believe to be a very bipartisan approach to Africa policy.

And so against this backdrop of continuity, a continuity that extends even to an itinerary that is quite similar for President Bush's trip, as for President Clinton's first trip to Africa, I think come a couple of questions that I hope we can address in some detail on this panel. The President has already, as I said, made some important steps. He has announced some important initiatives, perhaps none more historic than his HIV/AIDS

initiative. And the question becomes whether, on this trip, will this be an opportunity for the President to lay out a vision of how he wants to carry his Africa policy forward?

Will this be an opportunity, as it has been in the past, for new initiatives to be launched, or will this be, in fact, an opportunity for the President to tour and have discussions, in effect, perhaps take a victory lap?

The question is will this be something new or perhaps what is becoming an obligatory trip to Africa that builds on what has already been laid as a foundation? And I hope very much that our panelists will have an opportunity to address what ought to be, in their estimation, key elements of our Africa policy going forward, taking advantage of the platform that a trip of this sort offers the President and his administration.

So let me, with that, introduce our panel of experts. It is really quite a special one, and I am very glad they can all be here.

First of all, Jim Harmon. Jim Harmon is former Chairman of the Export-Import Bank. He has more than 30 years of experience as a very successful investment banker on Wall Street. He now heads Harmon & Company in New York.

But the thing he has been spending a great deal of his time on is something called the Commission on Capital Flows to Africa. This commission has just last week released its report. It is a unique group of private-sector and public-sector representatives, including a few of us on this panel--Chet Crocker, Gayle Smith and myself--that came together to consider the question of how do we increase capital flows to Africa. And nobody has put more time and effort, with more wisdom, into this, than Jim Harmon, and we are very glad to have him with us.

Also, here, to my great pleasure, is one of my predecessors, Chester Crocker. Chet is now a distinguished professor at Georgetown University and Chairman of the Board of the U.S. Institute for Peace, but perhaps is best known as Assistant Secretary of State for African Affairs throughout the entirety of the Reagan administration. I think that makes you the longest-serving Assistant Secretary for African Affairs ever. And having done it for half that time, I can tell you what a credit that is to him.

We are very happy to have you here, Chet. Thank you so much.

Ambassador Princeton Lyman, to my right. Princeton is the new Ralph Bunche Chair for Africa Policy Studies at the Council on Foreign Relations. It is a very prestigious chair, and I can't think of anybody better qualified to fill it.

Princeton has spent more than 30 years working at the State Department and at USAID. He was U.S. Ambassador to Nigeria and South Africa and ended his government career as Assistant Secretary of State for International Organization Affairs.

Next to Princeton is Jamie Drummond. Jamie is Washington Director and Executive Director of Debt, AIDS and Trade for Africa, known as DATA. DATA was started, as many of you know, by a rather famous foreigner named Bono, who has made Africa a very important priority. Jamie has come to Washington and launched DATA to great success. And in a very short period of time, I think it has become one of the most influential NGOs in Washington and elsewhere on Africa policy.

And, finally, Gayle Smith, who many of you know. Gayle is now a guest scholar at Brookings and an independent consultant. She served with me in the Clinton administration. She was President Clinton's Special Assistant and Senior Director for African Affairs at the National Security Council.

She spent more than 25 years or almost 25 years working on African issues, most of them on the ground in Africa, as a journalist and as a staffer with various NGOs. She knows more about Africa from the ground than almost anybody I know in this country. It is a pleasure to have all of you here with us.

We are going to start with Jim Harmon, who is going to make some opening remarks.

Jim, thank you.

MR. HARMON: Thank you, Susan, and thank you, Brookings, for putting this on.

I thought it's interesting that the Assistant Secretary had only a modest amount to say about economic issues. I thought it was equally interesting that the President, in his remarks last week to the Corporate Council of Africa, also had a modest amount to say about economic issues. So I think this commission's work becomes even more important.

Although the President highlighted in his comments last week certain examples of poor leadership in Africa, he will find, on this trip, much more encouraging leadership in Africa. No longer does the West have an excuse to lecture the continent about transparency, about the rule of law, about the essential building blocks of strong, sustainable economies. African leaders themselves are embracing these principles through NEPAD and working to make these countries' future brighter as a result.

Without question, this leadership in Africa, in the United States and elsewhere, is creating a unique moment for opportunity. But amid all of the debate about what African leaders must do, all of the debate about what the world's wealthiest countries should do, precious little has been said or done or studied on the essential issue of private-sector capital flows, on the fact that over the long run, trade and investment, more than aid, will be the keys to Africa's self-determination.

Looking back over the modern history of the world, no country or region has ever sustained development without effective participation in the world economy. Kofi Annan put it quite well when he said the problem in Africa is not too much

globalization, but too little. Bearing that in mind and seeing that there was a critical gap in this strategy, we assembled a high-level group of 28 private-sector and former government leaders from North Central, North and Central America, Asia, Europe and Africa.

We started with the same defining vision as NEPAD, the vision of compact, predicated on the idea that as Africa undertakes critical, political, and economic reforms, the West must respond with substantial new public and private resources. We all welcome the promise of increases in official public assistance.

Now, we must leverage those funds with liberalized tax and trade policies. We must provide not only investment capital, but human capital, and we must, together, more fully integrate Africa into the global economy.

The recommendations in our plan--incidentally, this is the book. I hope there will be some when you leave this room--the recommendations in this, our plan, are targeted primarily to the U.S. Government. It is a 10-year strategy. Countries must commit not only to policies, but to standing by them for a sufficient amount of time that investors will feel comfortable.

With this 10-year program, we believe great strides can be made in boosting Africa's growth and reinforcing its movement to its greater democracy, stability and opportunity.

Now, let me comment, briefly, on the recommendations.

In the area of trade, of course we support AGOA, the African Growth and Opportunity Act, but we think it should be the beginning, not the end, of trade policy in support of Africa. We would like to see it extended another 10 years, beyond its current expiration date.

Africa needs more time to build a vertically integrated textile-to-apparel sector. The current preferences amortized too quickly. Fortunately, Senator Lugar, in last week's hearings, has begun work to address this issue. We would like to see all products enter the U.S. market from Africa, duty and quota free, with no special protection for the so-called sensitive products.

Africa represents a mere 1 percent of global trade. In 1980, that number was greater than 3 percent. With Africa's population now in excess of 12 percent of the world's population, it is not unreasonable to set a goal to represent 4 percent of global trade.

We are pleased that the administration has begun negotiations for a Free Trade Agreement with the Southern African Customs Union and hope that it can be completed within the 2-year period. This would be to our mutual benefit. Many in the United States are surprised to learn that U.S. exports to South Africa alone are larger than those to Russia, even though Russia's population is more than 3.5 times as large.

I think most Americans would be surprised to learn that more than 100,000 U.S. jobs are tied to exports to sub-Saharan Africa, which buys at least \$6 billion of American products annually, and all of this occurs, even though the U.S. share of the African market is relatively small--only 7.9 percent, suggesting significant growth potential for U.S. exporters, and a substantial upside to doing the right thing.

We can prime the pump for these investments through our government finance agencies. The overseas private investment corporation is the principal U.S. agency supporting nonextractive, foreign direct investment in Africa. We would like to see OPEC have more latitude. Unfortunately, OPEC is prevented today, by statute, from supporting certain labor-intensive manufacturing and assembly projects. Often, these are the kinds of endeavors that would be most beneficial to African countries. If one American job is lost, OPEC is today forbidden from giving support. We propose getting rid of that draconian rule and permitting the support, so long as there are net positive gains on both sides of the transaction.

We also recommend that the U.S. take a leadership role among the OECD export credit agencies. The availability of long-term credit debt capital is essential to the growth of the private sector in Africa. OECD export credit agencies collectively provide approximately \$70 billion in long-term credit to developing countries. In 2002, only 1 percent went to sub-Saharan Africa.

If we want to encourage private investment, then our export credit agencies should lead by example, demonstrating to the world that substantial opportunities exist throughout the continent.

We can further aid these efforts by getting the OECD to extend from 10 years to 20 years the terms of repayment on African projects. We can raise the ceiling on financing of local costs from 15 percent to 50 percent, making more infrastructure and development projects attainable, ensuring the capital is there not just for our exports, but for the project as a whole.

Beyond trade, the U.S. also can encourage investment through tax incentives by eliminating taxes on repatriated earnings from new investment in Africa. Because many OECD countries do not tax foreign earnings, a similar U.S. move would have the added benefit of making U.S. companies more competitive in Africa.

If this step were to be taken in conjunction with tax reforms in the recipient countries, it could really increase private investment to Africa.

There are a few other key recommendations I would like to highlight in the limited time I have left. We propose seeing a portion of the U.S. overseas development assistance devoted to the establishment of long-term, low-rate financing vehicles for small- and middle-size businesses in Africa. These enterprises are critical sectors for growth, employment and poverty alleviation. They account for a substantial amount of employment.

Now, time does not permit me to comment on the recommendations regarding privatization or debt relief or ag subsidies, but it is important to comment on building human capital. Without it, foreign direct investment is not sustainable. Yet, today, human capital, in the financial arena, needs to be built in order to have in Africa the capacity to continue to attract private investment long term.

Now, I have a deliverable for the President. I hope that somewhere someone will consider it. We propose that the U.S. and other OECD governments and private-sector entities create an African financial fellowship exchange program that sends financial professionals to Africa to work in public and private institutions for a certain period.

In exchange, each participating African country would send two individuals, for up to two years, for training at leading investment and commercial banks here in the U.S and in other OECD countries. They would, of course, return home with the financial contacts and know-how that they can make a real difference over the long term. Over 10 years, this program would train 1,000 future African financial leaders and expose 1,000 future financial leaders in the West to the opportunities and people of Africa.

This initiative can be totally financed by the private sector, but we need the support of the White House to help organize leading countries in developing this concept into a prestigious international program.

One in eight people on this Earth live in Africa. The continent faces significant challenges today, but also significant opportunities. Much of the world doesn't understand that fact yet. Hopefully, the President's trip will help to change that. Africa's problems do have solutions. The challenge today is not one of global capacity, but one of global will, with African leaders making basic reforms to create an enabling environment to attract investment, with the U.S. administration pledging increased support.

If we can leverage all of that progress to open the door for private investment, then the world has a singular opportunity today to change the course of history. Private capital is a powerful force. It can, and should be, unleashed to accelerate Africa's integration into the global economy, and in doing so, to elevate all of our hopes for this vital part of the world.

Thank you.

MS. RICE: Thank you, Jim.

[Applause.]

MS. RICE: Chet, thank you.

MR. CROCKER: Thank you very much, Susan, for the invitation to be here.

I am also pleased to associate myself with the report that Jim Harmon has just described to you in a nutshell. It's worth looking at closely, a lot of good ideas there.

In the few minutes that I have, I am just going to illustrate a couple of points, one of which is that everybody who is a close observer of the African scene has his or her own set of priorities, and that is not surprising perhaps because it is a big place.

One wouldn't make these kind of sweeping generalizations about Asia, I think, you know, trying to sum it all up in one report or in one trip, but we are still at a stage in our relationships with Africa where we often talk in generalities about a place which is four times the size of the continental United States, and that requires us to have priorities, that very fact. So I am going to just touch very briefly--it'll be brief because my voice won't last much longer--on a few of my pet rocks, and then proceed from there to say a word or two about the trip.

Several people have already spoken, Walter did and Jim did, about the importance of the private sector and the importance of the economic revolution that is going on in Africa, and I would just like to associate myself, in general terms, with that point. Nothing could be more important, in terms of liberating individual Africans, than providing access to credit, than providing access to title for one's informally held assets and land, than providing an environment in which not only foreign capital, but African capital, feels secure enough to come home and to stay home.

This is really a liberating initiative, and there are many things that can be done to make it real. Obviously, the spread of the rule of law, the spread of common regional business law regimes would make an enormous difference, and there is progress on this front. So I will just leave that aside. That has already been touched upon by others.

Secondly, I guess I would say that one purpose of having a presidential trip to Africa, and Susan has hinted at the subject here that we can discuss, is this for real or is this tourism? This is an important part of the world. It accounts for an enormous percentage of the world's conflicts, it accounts for an enormous percentage of the world's humanitarian difficulties and crises. It, also, as Walter has suggested, accounts for a tremendous amount of potential for the future and important relationships already.

So I think one of the things that a presidential trip accomplishes, and I will just say this, is to keep Africa on the map and to answer those who say there is a double standard or that we don't care or whatever, by going there and sending a message to whom? To Africans, but also to Americans, and to allies and third-country observers. So that is part of the purpose.

Another part of the purpose, presumably, is to lock yourself in. Now, let me explain what I am talking about. When a President goes to a region as a visitor and makes public declarations and commitments that reinforce what he has already said, he's locking himself in. This doesn't happen lightly.

Some consideration has to be given to what is said in each stop, and it is my personal hope and belief that the President's commitments, when it comes to expanded resources for Africa, and I'm thinking of HIV/AIDS. Obviously, I'm also thinking of the MCA and other commitments that have been made. Those commitments will be underscored by the very fact of this trip.

It's part of the use of the bully pulpit. It is also the fact that one comes home from a trip like this and says to Congress, "I was there. I've seen it. It needs to be done. It's the right thing for America, and you proceed from there." So it is, in a sense, a way to obtain presidential engagement, which is obviously important. We need, as Jim has said, we need political will on a number of the issues that we're talking about here.

What I don't think we necessarily need too much more of is American sermons from the mount. We are living in an age where there are two kinds of foreign policy; there's operational foreign policy, and there's declaratory foreign policy. The latter is the kind that medium-size and small countries often have as their only choice.

A great nation, like the United States, has the option both to have a declaratory foreign policy and an operational one that produces actual consequences, that obliges one to roll up one's sleeves and get serious and change events on the ground.

That's the kind of foreign policy the United States needs to have even more of than it has today in Africa, in my judgment, and so I certainly hope that in addition to registering important points, in the American point of view publicly and privately, that the President will do two other things: He'll listen to his African hosts, and he will also engage in talking about how things could be fixed, how relationships and linkages could be strengthened, and how we could have a stronger fabric of U.S.-African relations. So that is a second point that I wanted to urge.

Whether there will be new initiatives or not is not for me to predict. I will leave that to Walter and others who were working with him and with the administration. But I do suspect that we're going to see both engagement, some sermons, no doubt, and I hope some general commitments to long-term relationships and serious on-the-ground operational foreign policy.

Let me mention now the issue, the agenda of conflict resolution, which I link very closely to the challenge of failed states.

It is the case today that we talk increasingly in this town about how we have a new foreign policy paradigm, and that paradigm is built around the twin threats of terrorism and weapons of mass destruction. But what we fail to sometimes understand is that those two very important priorities are linked, as well, to the priority of addressing the failed state challenge.

The failed state challenge is very much with us in Africa. Whether it has failed or failing, we see a number of cases, and we need to deal with that agenda. The failed state agenda is linked to conflicts. It is, in fact, the case that in many instances it is the process of weakening of states that leads to the outbreak of conflicts, and vice versa. It is the process of conflicts developing and spreading across borders that leads to other countries having failed states. Whether we are talking about the West African syndrome, whether we are talking about the Central Africa and the Great Lakes Region, we have a serious agenda here.

I take my hat off to Walter and his colleagues for what they have accomplished on the Sudan peace process. I, for one, was skeptical that it would go as far as it has. This is a very important and interesting initiative that this administration has undertaken.

I can recall a number of occasions during the 1980s, when I was in the State Department, and some of my colleagues here in this room were working with me--Princeton Lyman, and Jim Bishop, and others. We tried to get traction on Sudanese affairs. It was not easy to get traction on Sudan. Sudan is a giant country, a very troubled country, but I think the administration is making headway there, and I think they need to be recognized for that. I would also add that this trip and this itinerary provides an opportunity for that.

If you look beyond the Sudan case, there are a number of other areas where the challenges of war and peace, and conflict management, and humanitarian crisis are very real, and we have a long ways to go.

I am concerned about the status of the Ethiopia-Eritrean agreement. This is in delicate shape. It needs to be reinforced with every element of our influence because that agreement was a significant accomplishment of the previous administration, and it needs to be strengthened and kept on the track.

I am concerned about where we are heading as a kind of endgame in Zimbabwe. While it is true that we are seeing some improvement in the ability to have dialogue with the South Africans about Zimbabwe, the fact is that there is no endgame yet defined, and the people of Zimbabwe are paying a horrendous price. It is inexcusable the price that they are being asked to pay.

I am concerned about Congo, which in some ways, had it been my choice, I would have made the centerpiece of my conflict resolution strategy for the first decade of the 21st century. The Congo engages so many countries. It is key to peace in neighboring countries, such as Burundi, and Howard Wolpe is sitting here. He has given huge amounts of time and effort, trying to get that conflict under control. And, in fact, it is getting there. It is getting there from what I hear.

But if Congo falls apart even more or if it doesn't get on track, it is going to be very hard for Burundi to make it. I am concerned for all of the neighboring countries, as well as

for the Congolese people themselves. They have paid a price that is almost indescribable, and I don't see yet what the missing ingredient on Congo policy by any--

MR. CROCKER: --Western or outside countries or the U.N. system.

I am concerned about Liberia. I think it is just not acceptable that we are watching at this stage in Liberia's history. We could be doing I think some things even before a ceasefire is totally negotiated to lend an impetus to the negotiation of that ceasefire and get a process there which would, in fact, lead to an end to the suffering that the Liberian people have been through.

So those are just touching a few of the points on the war and peace agenda in Africa. It's a big agenda, a lot still to be done, and I think one of the ingredients that no one has touched upon, so I will touch on it, if we're going to have success in this area, we have to recognize that Africa's future is not going to be defined in a strictly U.S.-African context.

Africa has other partners. It has other relationships, and they matter, with Arab countries, with European countries, with Asian countries. So if we want to have real clout and real stroke in dealing with these various African agendas that my colleagues and I have been touching upon in these few short remarks, we have to sit down with friends and allies.

Now, that is not a brand new idea. We have been doing that on and off for a number of years. I would just direct your attention, for those of you who haven't seen it, to what was announced at the recent G8 Summit at Evian. That is an indication of what can be accomplished and what can be agreed to between the major partner countries around the world. Now, let's see if we can follow up on it. I hope the President's trip leads to that result.

Thank you.

MS. RICE: Thanks, Chet.

[Applause.]

MS. RICE: Princeton?

AMBASSADOR LYMAN: It's hard to follow all of that.

Let me say a few things that follow directly on what Chet said about the scope of Africa as a continent and dealing with it.

First of all, the President gave what I felt was a very strong speech last week, a very clear speech, and he delivered it with great earnestness, et cetera, and I was struck with

how little media attention it received. I can't imagine a presidential speech of that magnitude receiving any less attention in the media than it did.

It should have touched off, in the media and in the country, the kind of discussion we are having today, and it is a problem that every administration has faced when it deals with Africa, getting even the media to take it seriously, even when the President takes it seriously. It's a good speech. It deserved more attention and more publicity.

Second, the trip is, of course, very important. But as Chet said, you are dealing with a huge continent. This is, what, five countries in six days, over a very tremendous amount of space. It is obviously going to be touching on a few issues in a few places. There are a lot of places that the President could have gone that he is not going to be able to go. It is unfortunate that we are always in the position of a trip to Africa, rather than two, three or four trips to Africa.

With that being said, this is an important trip, and it does follow on what I felt was a very important speech.

Now, I think that the issues that are going to come up and the issues that have to be addressed are many of the ones that have been talked about--Jim Harmon's excellent, excellent study--and putting a lot of recommendations forward to the administration.

I don't know what statements will come out of the President on these issues, but I will say that in his speech last week, he already endorsed the extension of AGOA, and I would say that the two remaining big economic issues that he ought to address in this, if he can, are trade and the forthcoming trade negotiations.

And in that context, the two big issues are agriculture and pharmaceuticals. Until the United States and the Europeans can move [audio break] cultural trade from Africa and our own subsidies, we're going to be punishing Africa. A very good article in the Washington Post on that last week, on the cost to Africa of the European subsidies. American subsidies contribute to that problem.

The other issue is the pharmaceutical issues and following up on the agreement on Doha. Without agreement in those two areas, two major forthcoming trade agreements will have difficulty; one is the very important negotiations between the United States and the Southern African Customs Union on a Free Trade Agreement and, subsequent to that, the Doha round altogether.

African states are holding firm and, for the first time I think, are unified on positions with regard to trade, and that puts them in a much stronger position. It makes the trade negotiations much more interesting from Africa's point of view, it also poses a challenge for the United States.

Let me say some things on security. Chet has covered it so well, but it goes again to the capacity and the amount of resources that the United States will dedicate to Africa. And

part of that are human resources. Some of us went around and around with the administration early on about some of the staffing in our embassies abroad to address major issues.

We started with Nigeria, in which there were no senior political or economic officers, no House speakers, no consulate in the North, no consulate in the Southeast, and the question was how do you deal with the issues of a country as important and complex as Nigeria with that kind of a staffing structure? The product of really 10 years of downsizing of the Department?

To his credit, Secretary Powell is acting very dramatically to reverse that, but it's going to take a long time. And without that capacity, without that strength within the [audio break] and mobilize around very complex peace processes, the way we have done on Sudan, but the way we need to do on Congo or Liberia or other problems in West Africa, it's not going to be there.

It's not just sending an envoy out, walking around from place to place; it's having the strength of the Department and the human resources behind it, and beyond that, other resources. And that gets me to the question about how we deal with West Africa and the Congo, and that is the degree to which the United States is prepared to support much more aggressive and larger peace-keeping operations through the U.N., in the Congo and in West Africa.

If you look at the budget request for 2004 for U.N. peacekeeping, it projects a decline of \$172 million. There is no budget room in there for Liberia, no budget room in there for expansion in the Congo. I think the administration needs to rethink that if we're going to have a successful effort.

Let me touch a little bit on two countries that I know well--Nigeria and South Africa--that the President is going to go to.

I think in Nigeria, of course, we have President Obasanjo just elected to a second term and high hopes that there will be more accomplished in the second term than in the first.

I think one of the areas that we need to deal with, with the Nigerians, is, and particularly with President Obasanjo, is the debt question. He has put a great deal of emphasis on it, and no one else does, for understandable reasons.

I think it would be great if the President and U.S. could work out a road map to debt relief in Nigeria that lays out clearly what one expects in transparency and other things before one gets to debt relief and takes this issue, in effect, off the table.

Second, I think it's important for the President in Nigeria, and I think he is well-equipped to do it, to signal that the war on terrorism is not a war on Islam, that we are open to Islam. This is a country that is half or more Islamic, and there is some feeling in Nigeria that the United States policy in Nigeria is tilted toward the South, tilted away from the

North. I think the President can send a very strong message to the contrary when he's there.

In South Africa, as Chet has mentioned, the Zimbabwe issue is going to be a major one of concern. Here, I think one of the problems of those who are trying to negotiate a change in Zimbabwe, South Africa, and Nigeria, in particular, is their disdain for the opposition, and their unwillingness to legitimize the opposition in the kind of transition.

I think there ought to be a very frank discussion of what kind of transition one is talking about in Zimbabwe, not just from one bad ruler to another, but to a truly open and effective democratic system, and that means giving credibility to the opposition, as well as to those in the government.

Finally, let me just say a word about HIV/AIDS. That is going to be a touchy issue in South Africa. It is going to be a touchy issue because even though the government is doing a lot, and although a lot of progress is being made, it is not an area that President Mbeki is very good on, and he is not articulate on it, and he's not, he's not pushing his government in the way that President Museveni did in Uganda.

It's going to be important for the President to deal with this issue, not get into more rhetorical debates over it, but to develop further the common ground because South Africa is one of the 14 countries that is being emphasized in the President's HIV/AIDS initiative.

Susan, in response to your question, I wouldn't look for big, new initiatives, unless the President can say something dramatic on agricultural subsidies and trade because there's a lot of initiatives on the table. There's HIV/AIDS, there's the Millennium Challenge Account, there's an earlier one that's hardly mentioned on education in Africa, there's new security money that the President mentioned for East Africa.

I don't think we need more new initiatives. What we need is, as others have said, a clear commitment to fully fund these initiatives and to back them with all of the resources that are necessary.

Thanks.

MS. RICE: Thank you, Princeton.

[Applause.]

MS. RICE: Jamie?

MR. DRUMMOND: Thank you, Susan.

I may stay seated, if that is okay with everybody. Thank you.

Well, Susan was far too flattering in her introductory remarks. You know, we're new kids on the block, and Bono has just, well, he's been campaigning for many years on these issues, but thank you all for welcoming DATA so warmly to this gathering.

The problem with our name "DATA," is we do have to look at the facts very closely, and they're very compelling reading. We have worked closely with the administration and Congress, as well as doing a lot of awareness raising across the United States, and in Europe, and with the G7 leaders on the AIDS crisis and the need to increase substantially resources towards fighting AIDS, as well as other measures on debt relief and trade reform in a special package for Africa, which many recognize needs to be at the scale equivalent to the Marshall Plan.

That is no original claim that DATA can--that's something that many people have been calling for, for too long, and it needs to be delivered.

The amazing thing, the historic thing, is that this trip needn't be just about tourism because there are the beginnings of an historic change in policy towards Africa permitted by a Republican Congress, we hope, and led by, extraordinarily enough, a Republican President, and that's put us in a fascinating situation. But let me just back up and say what we understand the premises to be because that's where the facts, the data are so significant.

Current levels of assistance towards Africa are just over a billion dollars a year, we estimate. Through the Millennium Challenge Account, which is a \$10-billion promise of increased ODA towards developing countries over the next three years, half of that is supposed to go towards Africa. Substantially more than half of the AIDS plan is supposed to go towards Africa. If you add those up together, U.S. assistance by 2006 towards Africa should increase from just over a billion dollars to nearly \$5 billion. That is a quadrupling in that region of U.S. assistance to Africa.

So, sure, we need much deeper debt cancellation, and also the good news there is that in the bill that was passed with massive bipartisan support by Congress, there is a provision encouraging the administration to seek deeper debt cancellation along the lines also sought by NEPAD, a reduction of debt service by African countries to no more than 5-percent of fiscal revenue.

If that can be picked up and the HIPC measures are removed, and that measure taken up, and the deeper debt cancellation also provided that is mandated by that legislation, we're talking about a set of promises which are the beginnings of a really big change, and the President's trip is an opportunity to actually deliver on that. And it is so because while he is there, the House Foreign Operations Subcommittee will be deciding whether to actually slash the President's promises, and break the promise, if you like.

And so the trip is set up in quite a dramatic way to see whether the administration will want to see through on these promises, and they are, my simple point is, very large, very substantial, if they are going to be seen through.

Now, the AIDS promise is up to \$3 billion in 2004, and the full \$3 billion should be appropriated, and we're working hard to ensure that no limitation is set upon that by other donors in other countries because of the way that the legislation was set up. We are working hard with the Europeans to ensure that they appropriate, as much as possible, at least a billion dollars in 2004 to ensure that the Americans can do that \$4 billion for the global fund for AIDS, TB, malaria, which is an important multilateral component of the AIDS initiative.

So we're in a situation where this trip really not only could deliver, it must deliver, because failure to deliver would be breaking these historic promises. The important thing is people know fully that these promises have been made, and they have. They are stated clearly in the speech, the Inter-American Development Bank, \$10 billion over three years, \$5 billion by 2006. That has to actually happen, and the AIDS initiative, everyone knows about from the State of the Union address, the significant shift was that more than \$2 billion could be appropriated in 2004, subject to matching resources from other countries.

So this trip is set up to not just be about tourism. If it ends up being about tourism, there will be significant--historically significant--broken promises, and we need those delivered, and they must be delivered on behalf of an American public which is waking up to the significance of a changed role for America in Africa.

And it's also what my colleagues, Bob Geldof and Bono, have been promoting is America's position across Europe, and there is now an expectation that this full \$3 billion, especially for AIDS, be fully delivered in 2004.

It is also significant and important that there are absolutely no cuts to any other parts of the development assistance program in order to make way for these new resources for these two initiatives. Robbing Peter to pay Paul will be clearly spotted by those who are looking clearly at the facts.

So, sure, there must be a lot more delivered on trade reform and, sure, there must be deeper debt cancellation, but these two promises together, \$5 billion by 2006, that's a lot of money and a lot of things can be done with that money.

I would just like to finish. I didn't hear Mr. Kansteiner mention that Senegal, correct me if I'm wrong, but should be a major recipient of funds of the Millennium Challenge Account, and that should be a major theme for the beginning of the trip. I believe there will be a trip to Goree Island, and all of the symbolism accompanying that. That will be just tourism. If that \$1.3 billion in the Millennium Challenge Account is not clearly being fought for aggressively and all of the steps in Washington are made to ensure that it can be, and Senegal should be eligible for several hundred million dollars of that \$1.3 billion in 2004. We know the country can spend the money, and it is those things that will be the difference between this being tourism or not.

MS. RICE: Thank you, Jamie.

Gayle?

MS. SMITH: There is a great advantage to going last because you can avoid those issues you don't want to talk about and pick up your favorite "pet rocks," as Chet said.

I think it's great that President Bush is going to Africa, among other reasons, combined with President Clinton's two-week trip in 1999, it pretty clearly lays down a marker for success of administrations of both parties.

I also know how hard it is to organize a presidential trip, and it's a nightmare, and it's equally difficult to get the rest of the government wrapped around Africa, if you will, and to get the Congress seriously engaged, and I hope this trip will help on both of those fronts.

But I think there's some fundamental differences between the 1998 trip, by Bill Clinton, and the trip in 2003 by George Bush. First of all, it's been five years, and there have been some major developments since that time, not the least of which have been September 11th and Iraq and a radical reshaping, in fact, of U.S. international relations.

So I think there are a number of issues that the administration will probably have to deal with on this trip, and it may come up in their private meetings, it may come up in questions from the local press, from the traveling press, but I think will be in the minds of a lot of people while President Bush is on the road.

One of those has been referred to a number of times, and that is Africa's conflicts. Unfortunately, Africa is at a period right now where a number of conflicts are raging, others have escalated, crises like Liberia have loomed again. And I don't think that the United States can avoid answering the mail on the question of whether or not it is prepared to intervene in Liberia. There have been calls from Liberians where they have stacked dead bodies at the embassy in a plea to the United States to intervene.

Interestingly, there was also a call from the U.K. Permanent Representative to the Security Council, Jeremy Greenstock, who pointed out an important fact, which is that it was the British that intervened in Sierra Leone and were able to stabilize that. It was the French that went into Cote d'Ivoire when that country, which had otherwise been an anchor of relative economic stability in the region, went up in flames. It is the French and the British that have supplemented MONUC forces in the Congo. And I think, realistically, it is the turn of the United States.

That requires some difficult decision-making, not only in terms of overall deployment, but in terms of the question of whether the United States is prepared to put boots on the ground.

The second issue that I think will likely come up, and certainly is an important backdrop for this trip, is the war against terrorism. I was very glad to see that President Bush announced last week at the Corporate Council on Africa a new \$100 million to assist East African countries who were allies in the war against terrorism.

It is good. I think it is late and probably insufficient if you look at the real cost. One only needs to contrast that with the kind of assistance we have provided to Pakistan and other allies in the war against terrorism. Arguably, Africa needs as much, if not more. They have got very weak infrastructure, they have got security systems that need to be upgraded.

We have already seen, in Kenya, attacks on our embassy, attacks on the hotel in Mombasa, the assassination attempt against President Mubarak of Egypt in the early 1990s took place in Addis Ababa. One hundred million dollars is a start, but it needs to be only that, and I think it's not insignificant that the Kenyans, over the last couple of weeks, have been fairly forceful in making the very valid point that they are working very hard to protect us.

Kenya lost over 200 people in the embassy bombings of 1998. Five thousand were wounded. More recently, because of travel warnings, embassy closures and the British shutting down British Airways flights into Nairobi, Kenya's tourism revenues have gone through the floor at a time when Kenya is extremely hopeful. They had an election in December that everybody thought would go sour and which, in fact, didn't.

One of the first moves of the first President was to appoint the local representative for Transparency International as the Anti-corruption Czar. I mean, this is a country that has got some new juice, and it's hurting, and it's suffering a great deal, economically. And I think one of the issues that may come up is what more can, and should, the United States do to help buttress these countries that are, indeed, working very hard to protect us and paying a very high price for it.

Another issue that has obviously come up, and certainly dominated the media here, I think, as Princeton points out, at the expense of Africa, has been Iraq. And I think that while there were a number of African countries that supported U.S. intervention in Iraq, there were a lot of countries who were very disturbed by it in Africa, not because anybody thought that Saddam Hussein was a good guy, but for the main reason, as I read it, that the challenge to the United Nations, and in the eyes of many Africans, the destabilizing of the United Nations, is something that is not in Africa's interest.

For the United States, it may be relatively easy to discount the United Nations. For less-powerful countries, the United Nations Security Council is an extremely important forum, and I think that it's one that most African countries would like to see remain intact.

I think the challenge for this administration, and for the African countries that President Bush will visit, is whether or not we are getting to the point where we can "talk turkey. "

Assistant Secretary Kansteiner said there would be a number of discussions on a range of five issues. It is my hope, and I think indeed our need as Americans searching and hoping for a sound U.S. Africa policy, that that dialogue be frank, that some of these issues about terrorism be put on the table, that some of these issues about peacekeeping be put on the table.

And I think the larger question hanging over the trip is whether or not we are getting to the point yet that we can take Africa as a strategic part of the world. You asked the question earlier about national security interests. I would argue that there are clear national security interests--the largest untapped market in the world, significant and increasing dependence on oil reserves, and a host of transnational threats ranging from terrorism to HIV/AIDS and other diseases.

These are things that link us and mean that, in fact, Africa may need the United States, I think arguably we also need Africa, but we are not quite yet at the point that government, that Congress, that the public, that the media, with all due respect to my friends in the press out there, see Africa as really important, and I think that this trip has the potential to lay down that marker.

I would agree very much that there may not be a need for new initiatives, and there certainly is the need, as Jamie suggested, to keep the promises that have been made already. But I think there are some things that could be put on the agenda, whether on the trip or afterwards, to indeed take the relationship with Africa one step further and deepen relations between ourselves and the continent.

One is that--and I say this, full disclosure, as a member of the Commission on Capital Flows--would be for President Bush to accept the recommendations of that report and pursue them. This was a nonpartisan commission. It included a host of people from a number of sectors all over the world. It is a good report, with a good set of recommendations, if I do say so myself. It would take us a lot further than extending AGOA, but extending it to 2018, accepting all products, dealing with ag subsidies, a whole host of issues that Jim alluded to.

Second is on the debt issue. HIPC is something that we, in the Clinton administration, supported. It has been a good initiative, but as African Finance Ministers meeting in Addis Ababa earlier this month stated in their final communiqué, it has not led to debt sustainability, and I think we're going to need, as the international community, to look at new initiatives on debt that go beyond HIPC.

Specifically, and there are a host of things this might include, is some kind of relief for African countries suffering severe external shocks.

Kenya, through no fault of its own, is suffering deeply in terms of its foreign exchange reserves. Africa's coffee producers are suffering incredibly at the fall in coffee prices. There are similar cases like that where a temporary relief and other measures would make a substantial difference, as well as the debt initiatives that Jamie referred to.

And, finally, as I alluded to at the beginning, and it's not an easy issue for my successor to deal with or anyone in the administration, but I think we're going to have to look at the old phrase of "boots on the ground," and whether, indeed, the U.S. would be prepared to stand up a multinational force in Liberia. It doesn't have to be massive.

As Chet alluded, there's much more we can do I think on the diplomatic front, but at the end of the day, I think it's going to come to the question of whether we are ready, in fact, to back some sort of intervention and participate in it.

Thank you.

MS. RICE: Thank you very much.

[Applause.]

MS. RICE: I will shortly open it up to questions, but I would like to take the moderator's prerogative and pose just a couple of questions to some of our panelists here.

Chet, if I might begin with you. You talked very eloquently about conflict resolution and the imperative of moving forward on that agenda.

I'd be very interested in your thoughts on how the questions of Congo and Liberia and two immediate decisions that the President faces will color his trip and what perhaps you might suggest he do to deal with them. As Gayle pointed out, quite obviously in the case of Liberia, there has now been an explicit call from the Secretary General of the United Nations, from the ECOWAS countries, and indeed from our British allies for the United States to lead a multinational force into Liberia.

Is this something that the President can avoid doing or is it something he should avoid doing or should, in fact, we go ahead and sign up for that?

And, secondly, on Congo, there is soon to be a decision taken by the Security Council on whether or not to increase the troop ceiling for MONUC, the U.N. force on the ground, and some reservation expressed by Ambassador Negroponte as to whether the United States is prepared to go along with that. I would welcome your thoughts on that as well.

MR. CROCKER: In a nutshell, I think the idea of looking once again at the question of American boots on the ground in Africa, that that time has come. I don't think I need to remind this audience of the circumstances in which we stopped doing that. We stopped doing that when we lost our way in the streets of Mogadishu, when we set up a much too complex command structure for the pursuit of objectives, and when we had wildly ambitious political goals and didn't have the resources militarily to back them up, and then we decided to turn away and turn our backs on African peacekeeping.

The record since then has been one of consistently avoiding the decisions that you have posed, Susan--avoiding them in Rwanda, avoiding them in Congo, avoiding them in lots of places, and I think that's part of the legacy of the "Bush II" administration.

I should say, in fairness, that the "Bush I" administration also looked the other way on Liberia. So there is a history here of avoiding what I view as an important American responsibility.

And so I would hope, and I do think that President Bush is the kind of leader who leads, once he's persuaded, and it would not totally shock me if he finds a way, either during this trip or after it, to figure out that whether it's in Congo or in Liberia or in some other place, that he's going to actually look at the skeptics in the Pentagon, and we know that's where they are, because they're overstretched, they have a problem, and he's going to say I think this is the right thing to do, and I think we're going to do it.

And so I'm not totally negative about the prospects of the administration beginning to move and to reassess the general reluctance to put boots on the ground in Africa. I say that, even though I'm well aware of the fact that there's a debate raging in this town on both those questions.

If I were John Negroponte, I would be sounding equally skeptical until I knew which way the wind was blowing in Washington. That's his job.

But when you have the French stepping forward, with some other European support, an EU-authorized, as well as U.N.-authorized, mandate to put in a Chapter VII force temporarily to shore up MONUC, you're beginning to get half-pregnant here, and half-pregnant doesn't really exist. So we're talking about expanding the force there, in one form or another.

What I hope we never do again, and we have done it in the past, is to prevent and discourage other countries from doing the right thing. At a minimum, I would like to say that that's where I would like to see our government, but, listen, I don't have any crystal ball on this. I just would say never say never.

MS. RICE: Thank you, Chet.

I'd like to ask Princeton a little bit to elaborate on Nigeria. The bilateral relationship with Nigeria is obviously a very important one, but it's also a very complicated one, and it's I think a very welcome thing that President Bush will be stopping in Nigeria. It comes after some not inconsiderable bruised feelings on the Nigerian's part because a number of Cabinet Ministers have--Cabinet Secretaries have gone to Africa and have bypassed Nigeria, and that has been noticed.

It also comes at a time when our bilateral assistance to Nigeria has decreased over the last few years. So if, perhaps, you could elaborate on the undercurrent in the bilateral

relationship, what's going on there, and what really does this administration think and feel about Nigeria, and how might it do a greater share to shore up democracy there?

AMBASSADOR LYMAN: Well, there is a tricky aspect to this because many people in Nigeria felt Obasanjo, in his first administration, spent more of his time soliciting support abroad than he did governing at home. So, for the U.S. to go overboard on Obasanjo is not necessarily a help.

On the other hand, the opportunity he has now to do more than he did in his first term is clear. He's got a stronger political position than he had before. His early appointments that he's just made to the Cabinet are encouraging. He's got I think a better feel for how to do some of these things than he did before. So lending him that kind of support is important.

I do think it's important, as I mentioned, not to reinforce this sense that exists in parts of Nigeria that somehow we are reinforcing the South against the North, and I think that whole question of how we relate to Muslim Nigeria, how we interact, how we deal with the North is something we have to give a lot more attention to.

The Sharia issue is very touchy, but it's also very political in Nigeria, and it's probably best for us to keep a low profile on it.

What I do think is an unresolved issue, and here the President has to take initiative with the Congress, is security cooperation with Nigeria. There is a great deal of opposition in the Congress to working with the Nigerian military. There's almost nothing being done with the Nigerian police. I think, for both internal and peacekeeping purposes, the United States does have to engage on security cooperation with Nigeria.

You look at what happens when there's unrest in the Southeast, for example, in the oil area, the worst thing that can happen is that Obasanjo sends in the military because then they go in, they kill a lot of people, and the situation gets worse than ever. Police are totally ineffective. The same has been true the mid-section of the country, et cetera.

So I think one of the areas that ought to be on the agenda is how can we cooperate, we and the Europeans, and I stress this, with Nigeria to improve and build a real police capability, to build an effective military capability which will do a lot to facilitate overcoming some of the instability in the country.

On the economic area, no amount of economic aid that we're going to provide to Nigeria is going to make the difference in terms of wealth. There is a lot we can do, in terms of building capacity, et cetera, even if you go back up to a \$100-million-a-year program. But this is a country that has to get its wealth from its agriculture and do a better job with its oil.

And what we can do is lay down some strong support and grounds for transparency, improved energy policy, further progress on privatization, and giving Obasanjo the kind of political backing that he needs for that without overdoing it.

MS. RICE: Thank you.

Last question from me. Jim, the President's speech last week at the Corporate Council was surprisingly thin on the subject of new trade and investment initiatives. He did allude to a desire to extend AGOA without a particular time frame put on it. Give me your candid sense of the extent to which you think the Commission's recommendations have a good chance of gaining traction, either with the administration or Congress, particularly having testified last week up on the Hill.

MR. HARMON: Well, first, we've had an opportunity to brief the White House, and the State Department, and the Treasury Department, and they certainly listened, and there was a lot of interest.

Secondly, it is surprising that, at a meeting of the Corporate Council of Africa, at which you have got mostly African and American business, that you wouldn't focus a bit more on economic issues. So that did surprise me.

Thirdly, I looked at the countries that he will visit. The leaders in all of these countries really don't want to be lectured to, which is why I hope so much that Princeton is right, that the President will listen, and in listening, I don't think he's going to hear that they want to talk more about peer review, I don't think they're going to want to talk about what should be done in Zimbabwe or any of the conflict resolution questions.

I think they're going to be interested in economic issues. I think they're going to want to know what we can do to open up our markets with their products, what we can do to encourage investment in their countries. They're interested in jobs, and in jobs, as we know, we have a long-term sustainable development, and that is directly related to a successful democracy and so forth.

So I am hoping that somewhere along the trip, when the President listens to those comments, he will shift somewhat towards more of the economic issues, some of which we outline in this program. But I think, whenever anybody starts on a program like this, with all of the good help of the people on this panel who participated, all of the good people who made such valuable contributions, you don't really expect that he's going to listen to someone who "came from another administration," and suddenly say, "What a wonderful group of ideas. We're going to change our whole trip around." That's just not going to happen.

I think what will happen is that some of these issues will be analyzed by members of Congress. Certainly, Senator Lugar has testified to that--is encouraging of what he has in mind, in terms of studying these issues.

Other members of Congress will, and other members of the administration will look at so that, in time, these issues will be taken up and will be considered seriously.

I would be surprised if in the next two days I got a call and said I should be there tomorrow at 4 o'clock because we're going to discuss all of your issues that you've posed.

MS. RICE: Thank you very much.

Please, if you would identify yourself, again. I know you already did.

QUESTION: George Kahn, Copley News Service.

Dr. Rice, I wanted to ask you to follow up on your opening comment that presidential trips are now going to be obligatory to Africa. When President Clinton went there, there was tremendous symbolism and a lot of excitement at every stop. This trip seems to be much more businesslike. Is the significance of this trip showing that trips to Africa are now regularized or that something aren't out of the ordinary, aren't special events, that Presidents have to go there?

MS. RICE: President Clinton, as you know, took two trips to Africa; one was the more high-profile one in 1998 and then again in 2000. I think it is very encouraging that President Bush is, relatively early in his tenure, putting Africa on his travel agenda; in particular, given that this is not a President that travels that much abroad.

So, when I say it's obligatory, I don't mean in a symbolic sense. I mean that it has become, I think, understood in this town, in both the Executive Branch and Congress, that the United States has significant and lasting economic and security interests in Africa, and that as a consequence, we need to find ways to broaden and deepen our engagement and our partnership in Africa.

I think this administration has understood that, as the previous administration did, and that requires something more than diplomacy from 3- to 5,000 miles removed. And so these trips, I think, ought to be a reflection of our growing understanding of our stake in Africa. It's a stake, as I mentioned, that is not understood to be partisan in any way, shape or form, and I expect that that stake will only continue to deepen in the future, and that future presidents will feel the same need to spend the time on Africa that President Bush and President Clinton did.

QUESTION: Brenda Wilson, National Public Radio.

One thing that I didn't hear anyone mention, and it has come up recently in coverage of the Middle East, and that's the involvement of Christian groups in the region, and their interest in what happens in certain regions. And it has been noted their involvement in Africa, in different parts of Africa, and some, in fact, credit, in part at least, the AIDS

initiative to pressure or lobbying by many of the Christian missionary groups and others, mainline churches and others there. But I didn't hear anyone mention it.

Are they a key factor? Do you think this administration takes into consideration what they say or do they influence its policy in that area? Do they have connections to African leaders? I'm just sort of curious, do you have any insights into that at all?

MS. RICE: Jamie?

MR. DRUMMOND: Certainly. We found, with the Jubilee 2000 Campaign, that a key moment in winning over bipartisan, I mean significant bipartisan support and Republican support on the right, was when the evangelical Christian groups came in. And I think we found the same, not just on AIDS, but broadly on doing a lot more for Africa.

I think that it is not just about I think pressure over here. Someone here may know the statistic better than I, but I think something like a third or two-thirds of people in care, in treatment receiving care who are living with AIDS in Africa, are actually cared for by the Catholic Church. And so it's a key player already in terms of delivering services and treatment in Africa, as everyone knows, and it delivers a significant part of health care services, as well as education, across Africa.

So the religious community is already there and we know played a key part in Jubilee 2000, and again helped convince the administration that there was a strong broad support for doing a lot more for Africa along the line of the HIV/AIDS initiative, but also on the Millennium Challenge Account.

I'd also like to clarify that earlier I hinted that 50 percent of the Millennium Challenge Account funds should go to Africa. That is based upon a promise made by Secretary of State Powell in the fall last year, I think to the Constituency for Africa, and also for, it was a joint statement by G8 leaders at the Kananaskis Summit, last summer. So that's where I'm basing that on. It may not look always like that's how it's going to go, but that's the promise that we, as Africa advocates, would like to hold the administration to.

MS. RICE: Let me just follow up on that, Jamie, and perhaps, Gayle, you can address this as well. The fact is it looks like only a very small number of African countries will actually be beneficiaries of the Millennium Challenge Account, at least in the first year, and that those two or three or four, if it's that many, are likely to be relatively small countries, whose absorptive capacity is not limitless.

So I'm curious how that 50 percent, given the way they've structured the Millennium Challenge Account, is going to be feasible.

MR. DRUMMOND: We're looking at ways to ensure that that promise is delivered.

MS. RICE: Gayle, do you want to add to that?

MS. SMITH: Yes, and I think it's one of the reasons that it's good to keep an eye on this, and as Jamie suggests, make sure that the promises are met.

As Susan points out, the way the Millennium Challenge Account is structured is that it's got a fairly rigorous set of eligibility criteria, and when you run the data through the eligibility criteria, what comes out the other end is that a minimum there would be only two African countries that qualify, at a maximum either four or five.

Now, there are a number of ways that one can address that. One is to ensure that the Millennium Challenge Account remains restricted to only low-income countries. The proposal was that in year three it would be available to lower and middle-income countries, which would open it up to a host of countries, including not in Africa.

There are some other ways, in terms of the eligibility criteria, and other ways as well, to try to broaden it towards the 50-percent number. I think, from a policy point of view, it's extremely important that that be done. Because an account of this magnitude in sheer dollar terms, and designed very much as an investment with minimal bureaucracy on our side and a great deal of power granted to the recipients on the recipient side, if as much as 50 percent went to Africa, it could have a much, obviously, a much larger impact than it could, as it is currently structured.

QUESTION: Richard Parkins, with the Episcopal Church's Refugee Program.

In the discussion, I haven't heard any discussion or any comment about the crisis of refugees in Africa. It is, with the exception of the Palestinians, the largest refugee population in the world, and I think of West Africa, where the impact of refugees has continued to be a destabilizing force there. And I recognize that the conflict resolution issue ties into this, but I would have thought that this might have been a key issue for some comment as you look at the mix of issues that affects Africa.

AMBASSADOR LYMAN: It's a very good point you're making and, in fact, humanitarian issues have not been discussed. They weren't by Walter, and we didn't bring them up, and they're a big part of the African scene.

They are clearly a major problem in the Congo, although part of the problem in the Congo is being able to reach the people there because of the instability. To some extent, that's true in the West Africa case.

But what is also striking is that many of the African humanitarian appeals from the U.N. are grossly under funded, and that includes the drought areas of the Horn, and that those are not being discussed and haven't been discussed is I think unfortunate. In a way it's good that there's more emphasis on positive aspects of Africa growth, et cetera, but the humanitarian problems are huge, and they are, in part, related to conflict, in part, related to funding.

MS. RICE: Charlie?

QUESTION: Charlie Cobb with AllAfrica.com.

I'm wondering if any or all of you could kind of give us some analysis of the pull between kind of pragmatic politics in Africa and the broader needs of Africa. I'm thinking about it particularly in terms of the Eastern Congo and Uganda, where, on the one hand, you have a country that is kind of held up as a model by the United States Government, this administration. Yet, on the other hand, has played a big role in the kind of violence we see unfolding in the Eastern Congo.

How does the administration come down when they have to make these kinds of choices?

MS. RICE: I'm going to let Chet and Gayle respond to that.

Chet?

MR. CROCKER: Charlie, I think it depends a little bit whether you're talking public or private. I would hope that, given the real gesture that the President is making in going to Uganda, and singling out President Museveni as a key leader, because he is a key leader and a constructive leader on some things, that he would take the occasion as well to point out the Ugandan role and responsibility going forward, looking forward, in Congo, but not only in Congo, within Northern Uganda itself.

I think there is a story to be told, and there's an issue to be addressed quietly about what is acceptable practice within an enlightened country that has this ongoing insurgency. And there's also issues to do with how many more terms for Mr. Museveni.

So this is an agenda which I don't expect President Bush to talk about in the public arena, but it certainly is an agenda worth talking about.

MS. RICE: Gayle?

MS. SMITH: I would very much agree with that, and I think there are a number of cases where it does prove far more pragmatic to have discussions in private.

I think the one thing I would add as a note of caution, I think it's important to discuss the issues that Chet just raised with President Museveni, including his role on the Congo, but also important to engage the other actors. And it is a very, very difficult task.

There is a man, Howard Wolpe, sitting here, who was on a revolving airplane for years as our Special Envoy for the Great Lakes. But I think that the more that we, as a government, can engage with the different actors, President Museveni included, the greater chance of having some impact on the diplomatic front.

MS. RICE: Joe?

QUESTION: Joe Davidson with Focus Magazine and bet.com.

Even with the Millennium Challenge Account and all of the money that has been suggested at least for AIDS and Africa, the United States will still remain at or near the bottom, in terms of foreign aid donors, as a percentage of GNP. I am wondering if any of you see a time anywhere in the near or distant future when the United States might have a much better record on foreign aid as relates to a percentage of its wealth.

And, also, I was wondering if any of you might care to discuss the pros and cons of having "boots on the ground" in Liberia, not just the fact that the United States has shied away from that for so many years, but are there pros and cons to actually doing that?

MS. RICE: Joe, I will be happy, among others, to address the last question.

I don't know, Jamie, if you want to, perhaps and Princeton, talk about the first--

MR. DRUMMOND: I'm proud to say that Ireland is clearly committed to .7 percent.

[Laughter.]

MR. DRUMMOND: And there is a whole group of other countries. That may also be seen as another promise that was made many, many decades ago that should be delivered, and that is one that everyone should be held to and many countries are failing.

An increase to \$5 billion is a major, significant step, but it is still, and I'd even call it an historic step, it's not all the way there. I think the U.N. estimates that, conservatively, Africa needs about \$25 billion extra annually to have a hope of achieving the Millennium Development Goals. So if you look at that as an objective for Africa, then everyone needs to be doing a hell of a lot more.

AMBASSADOR LYMAN: I would be very happy if we achieved the Millennium increase and the HIV/AIDS increase, and they were sustained past the next five years because that I think is the real challenge; that all of these funds be additional and that those increases be sustained. I think that would be quite a step up for the United States.

The other thing is to consider a little bit where we're going on all of this. I think the HIV/AIDS initiative is marvelous and magnificent, but if in the next year we add \$2 billion or \$3 billion to the HIV/AIDS initiative, what we'll be doing is spending three times as much on HIV/AIDS as on all other development problems in Africa, and that has to give us pause, as it does already give the Africans pause.

So what happens in the Millennium Challenge Account and other aid accounts becomes terribly important in terms of what the impact of this assistance will be, in terms of real long-term growth.

MS. SMITH: I would just add, I mean, there's a long history of animosity in the Congress and among some members of the public towards foreign aid in this country, and it doesn't tally with some other aspects I think.

I think the challenges to really getting to the level of GDP that we should be at are three:

One is, with initiatives as high-profile as the Millennium Challenge Account and the new AIDS money being big enough and having sufficient fanfare to be known to the public is whether or not they work. If they work, if they deliver, if they can be seen to be achieving results, that will have some impact.

Second is on the side of the media. You cited a very important fact, but it's not one that one reads very often. There was a poll done in Princeton, and you may know the figure better than I, of what most Americans believe we provide in foreign aid, and it's something like 5 percent of the budget.

QUESTION: Fifteen.

MS. SMITH: Fifteen percent of the budget. So I think there is a great deal to be done in terms of framing these debates in the media to make clear that not only is that not true, but we are pretty near the bottom of the pile in terms of international donors.

And third is that I think the American public has to see that it's in their interests. And I think there is a growing recognition, and perhaps out of tragedy, an opportune moment to try to make clear to people that it is in our collective interests to provide more aid. But I think unless those three bases are touched, I would go with Princeton. I think the most we can hope for is that these are fully funded.

MR. DRUMMOND: I would just add one thing onto that, which is that it will only happen, it should happen, but it will only happen based upon the efforts of people like Katie Finn [ph] here, who is a campaigner we met--in is it in Iowa? I think she's still here--on the Heart of America tour at the end of last year. A group of activists and AIDS campaigners from Africa went traveling across the middle of America to try and talk about these issues and found a fantastic reception and not enough people have been on the road to talk to people about what they actually want to do.

Gayle has just cited those statistics. When you go and meet people, they are prepared to do a hell of a lot more. I think the absorptive capacity issue is here in D.C., not in America.

MS. RICE: We're almost out of time, and I do want to address the question on Liberia. I will let Chet have the first stab at that.

MR. CROCKER: I will do so, but, first, I am going to say it's trade, not aid, my friend. This is where the growth is. Market access, if we can do it right, is going to

revolutionize the resource flows. I'm just taking Jim Harmon's good lines here. This is where the growth is going to come from. It's where all of the flows are going to come from percentage wise.

So, yes, assistance for capacity building, and niches and so on, but we've got to open our markets up, and so do the Europeans, and we'll shame them into doing it. That's the key point there.

On Liberia, I could see us today, now, putting a conditional proposal forward that would include U.S. leadership as the lead nation of a Chapter VII operation for a time-limited period of time in Liberia. I think it would transform the negotiation, which our able Ambassador on the ground is trying to conduct, along with friends in neighboring countries, in Ghana.

We can't keep saying no. If we say, "Yes, if," we're much more likely to be credible, and I think we could do it without getting stuck in the quagmire because the Liberians are fed up. They're fed up with Taylor. They're also fed up with some of the other revoluntants. They want to see civilians.

MS. RICE: Yes. Go ahead, Jim.

MR. HARMON: Just to pick up on what Chet said.

If you took the sum value of our recommendations on the economic issues, the multiple is so great relative to all of the aid that could be realistically thought to be given to Africa. The issues are complicated, and most of the media here are not going to want to see how billions of dollars could come from the Ex-Im Bank or from OPEC because that means they have to do a little study.

But if they looked closely at some of these issues, you would see that this is a vast amount of funding that would create a vast number of jobs. If you'd just take a minute to look and see what's happening in Russia today, with the capital flows to Russia, how that entire economy has turned around and what it means in jobs, you could see what it could do for Africa.

The answer is not alone aid. Aid is important. The answer lies in all of the other things that we have discussed, which I'm sure the President will see.

MS. RICE: A commercial announcement before I answer Joe's question, which will be the last.

The Report of the Commission on Capital Flows to Africa is available outside as you leave. It's also available on the website www.iie.com. It is "com." It is "com." You will not find it on iie.org.

Joe, on Liberia, I think our model, quite honestly, ought to be the British deployment to Sierra Leone some three years ago. They went in with an effective, but relatively small force. They stabilized the situation in Freetown. They enabled the flow of humanitarian assistance, and they basically created space and time for the reconstitution of an effective international force, and that's what the United States ought to do.

ECOWAS is saying we will send 3,000 troops as part of a multinational force if the United States sends 2,000 troops and takes the lead. I think that's a bargain we ought to accept.

In Liberia, the United States is the international 911. There is nowhere else to turn. This situation has been bad in the past, it's bad again, and from a humanitarian and moral point of view, as well as the historical and security point of view, we ought to be engaged.

Liberia has been the cancer, and Taylor, in particular, that's infected much of the West African sub region. There are credible reports of al Qaeda financing some of its operations through diamond, and timber, and other illicit exports through, and around, and from Liberia. So we have a security stake in this as well.

The downside of not going in is one we'll appear to everybody to have shirked our responsibilities. It's a new world, quite frankly, after the British succeeded, as they did, in Sierra Leone, and the French went in and stabilized Cote d'Ivoire and are taking the lead now in Eastern Congo.

We have intervened, and increasingly we're justifying our intervention in Iraq for humanitarian reasons. Well, I think, if we look at Africa, at the moment, Liberia is one case where the United States has a responsibility.

The downside, though, obviously is that we are very overstretched in terms of our military forces globally as we speak. And mustering even a 2,000-person contribution, with the necessary force protection, will not be an easy task, but it's one I think we ought to undertake, and as Chet said, we could do so effectively in a time-limited fashion, in opening the way towards a U.N. or other follow-on force.

MS. SMITH: If I can just add to that, briefly, and wholeheartedly endorse what Susan has said. The upside is that we could play a role in stabilizing a region which has grown much, much more unstable over the last five years, to the detriment of all of the people in it, but also to the detriment of the United States.

The downside, in addition to what Susan mentioned, is that it may well be a messy operation. I mean, Liberia's is not a conventional war requiring a conventional intervention, so it's not without risk.

MS. RICE: Thank you all very, very much.

[Applause.]

[Whereupon, the press briefing was adjourned.]