

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

Washington, D.C.

Wednesday, June 13, 2012

KEYNOTE ADDRESS: CAPTURING OPPORTUNITY IN AFRICA - AGOA AND THE
DEVELOPMENT AGENDA:

Welcome:

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

Introduction:

WILLIAM J. ANTHOLIS
Managing Director
The Brookings Institution

Keynote Speaker:

PRESIDENT BILL CLINTON
Founder, William J. Clinton Foundation
42nd President of the United States

* * * * *

PROCEEDINGS

MR. KIMENYI: Thank you very much for your patience. And I welcome you again. My name is Mwangi Kimenyi and I'm a Senior Fellow and Director of the Africa Growth Initiative here at Brookings.

Again, I take this opportunity to welcome you to Brookings and specifically to this event that is focusing on the African Growth and Opportunity Act. This act remains the most significant legislation, defining U.S.-sub-Saharan Africa relations. And our primary objective of the Africa Growth Initiative is to articulate informed African voices in the policy debate here in Washington. It is, therefore, my good pleasure to welcome you to this forum.

I'm particularly delighted to welcome President Bill Clinton to this event and to the Africa Growth Initiative at Brookings. It is a great honor and is testimony to the importance that the President has continued to place on Africa.

To introduce the President, I call upon my colleague, Bill Antholis, who is the Managing Director of the Brookings Institution and also a Senior Fellow with Government Studies. Dr. Antholis served in the government at both the White House and the State Department. Bill.

DR. ANTHOLIS: Good afternoon everyone. Welcome to Brookings. Brookings is really proud to have the Africa Growth Initiative

under Mwangi's terrific leadership as a resource for all of us here and all of you as well. And we're particularly grateful to the Bill and Melinda Gates Foundation. And there is a very important connection to our featured speaker today; another former president, Sylvia Mathews Burwell, who just left the Gates Foundation not too long ago, helped make this possible. And obviously, those of you who know Sylvia know that you worked very closely with President Clinton on this issue.

So on behalf of Brookings, President Strobe Talbott, Chairman John Thornton who unfortunately could not be here today, and all of our trustees and staff, I'm very honored to welcome the distinguished trade ministers and ambassadors and other representatives from the official African delegation to the 11th Annual AGOA Forum.

And on behalf of all of us, obviously, it's a great pleasure and honor to welcome and host President Clinton, especially for me personally. I spent five years in the government working for President Clinton, both at the State Department and at the White House. And it was 15 years ago that I was first introduced to these issues in the planning for the Denver Summit of the Eight, which was because there were eight countries and in eight years of his term in office, President Clinton got to host one. And with all of the world's press and the leaders of the most

important economies at that point assembled, the President chose to put Africa at the top of the agenda.

So if you can think back to 1997, Africa was first becoming an issue in the American public's mind, particularly the economy thanks to President Clinton and to very effective grassroots organizing. I remember in a Cabinet meeting leading up to that summit, Treasury Secretary Rubin was talking about how he had just met with a rock star who was committing himself to these sets of issues. And then he turned to Sylvia Mathews at the time and asked, "His name is Bono, right?" And there was great laughter because of the mispronunciation, and we all got to know Bono and his own commitment in that period and following year at the Birmingham Summit.

What I remember the most from those planning sessions was President Clinton's tenacious commitment not just to debt relief and aid, but also to growth and opportunity. It was not just the idea of lending a helping hand to African nations, but allowing them to develop their own internal capacities to succeed. Moving AGOA forward in our Congress was not just important in and of itself, but it also sent a signal to other industrial countries that they had to put trade policy on an equal footing with debt and aid policy. And they had to extend to the poorest countries the same tools that had helped lift them out of the rubble of World War II.

At that point trade issues were quite contentious in the U.S. This was after the glow of the passage of NAFTA and in a period where trade negotiating authority was harder and harder. And despite those storm clouds, President Clinton persevered and worked across the aisle to provide solutions for Africa that incentivized trade, promoted investment, and created the prospects for growth. It was signature Bill Clinton. He brought together unusual coalitions, Democrats and Republicans, leaders from the business community, from development activists, and from faith-based organizations, and he made all of them feel like rock stars.

One year later in 1998, President Clinton visited Africa, meeting with the heads of state of six different African countries, the first trip to Africa by an American president in almost 20 years. Since that time he has returned to Africa ten times and ensured that the Clinton Foundation has made Africa a priority in its work, especially focusing on the importance of agriculture in individual livelihoods and the related and deeply pressing issue of climate change. His commitment to the development of the region is obvious, his understanding superb. And, of course, the crowning achievement during his presidency came on May 18, 2000, when he signed the Africa Growth and Opportunity Act into law.

So it is an honor to have President Clinton here today to discuss AGOA, both its achievement and his ideas on the potential for it in

the years ahead. When the President is done speaking, we ask everyone to remain in their seats so that he is able to be escorted from the building, and then you all will be allowed to leave.

So please join me in welcoming President Bill Clinton.

PRESIDENT CLINTON: Thank you very much, thank you. Thank you very much. Thank you very much. Thank you, Mwangi. Thank you, Bill. Thank you, ladies and gentlemen for your interest in this and for coming. And I want to say a special word of appreciation to Bill for his service in the administration and his work at the G-8 summits in Denver and the next one in Birmingham in the U.K.

I was thrilled to be invited to come here and say a few words about AGOA because when we started looking at ways to support Africa and to build stronger partnerships in my first term as president, it was clear to me and to my Secretary of Commerce, Ron Brown, who took a leading role in this effort, that while aid was important and we should learn to do a better job of it and give more of it, it would never be enough. So we tried to fashion a policy in which aid and trade could reinforce one another, and in the process build a capacity of our friends in Africa to grow and develop on their own.

I did go to Africa for 12 days in 1998 to Ghana, Uganda, Rwanda, South Africa, Botswana, and Senegal, and by that time we were

already really pushing AGOA. In 1998 Senator Lugar said an interesting thing about AGOA. He said it was one of those rare pieces of legislation that has not been inspired by dire crisis, imminent threat, or strong domestic pressure. It emerged from the realization that Africa has long been neglected and this neglect does not serve United States' interests. I was grateful for his support then, and I remain grateful for his support for AGOA today and that of the other Republicans who joined with the Democrats in passing the legislation.

So 12 years later, where are we? Well, in 1995 per capita GDP growth in sub-Saharan Africa was negative 1.1 percent. By the end of the decade, as African governments had put in place market-based policies and commodity prices improved, the regional growth rate had increased to 2.9 percent in 2001, AGOA's first year. I should also say that it was the first year of the Debt Relief Initiative, the Millennium Debt Relief Initiative, which was an attempt to merge trade and aid by saying that the countries that qualified could get debt relief, but only if the money went into education, health, or development.

So, between 2000 and 2008, average growth in Sub-Saharan Africa was about 5 percent. That actually understates the case.

In the last couple of years I was President, three of the fastest growing economies -- three of the five fastest growing economies

on earth were African. In 2010, ten of the twenty fastest growing countries in the world were African countries; six of the ten fastest growing were African countries. So, I think it's clear that our willingness to more than triple our imports from Africa, to create hundreds of thousands of jobs that supported millions of people, was a good decision for the United States and for Africa.

The extreme poverty rate in Sub-Saharan Africa declined between 1998 and 2008 from 58 to 47 percent, life expectancy rose seven years, infant mortality dropped almost in half from 92 to 52 per thousand live births. However, if you look at how it began with the Millennium Debt Relief Initiative and with AGOA, if you look at how much has been learned about how to do aid and how to do aid in a way that supports long-term structural development in the last ten years, as we think about doing what the Obama Administration has proposed, which is to seamlessly reauthorize AGOA, I think we should think about the major opportunities for growth in Africa, which coincidentally are major opportunities for the rest of the world to participate in that growth and to reduce poverty and to reach many of the other Millennium development goals.

So, I would like to say just a few words about that. First, by way of background, starting in Rwanda and then moving into Malawi, coincident to the work that my foundation was doing on healthcare,

principally in AIDS, I began to work with agriculture. I've always been interested in it, I grew up in a farming area, and I could never figure out why African farmers couldn't earn more money since they were obviously good farmers and they had good soil.

So, I determined to find out from the grassroots up, and I remember going out to a site where we were going to rebuild a hospital that had been destroyed in the genocide in Rwanda, and talking to these farmers, and this guy said, "You know, many people have come here before. You are the only one who digs in the dirt." I said, "Well, I started that a long time ago. It has nothing to do with my life in politics."

(Laughter)

And then I made him laugh, I said, "Actually, I got into politics so I wouldn't have to work as hard as you do."

But the -- in Rwanda we worked improving basic yields of crops and also trying to dramatically improve the incomes earned by people who are growing coffee beans, and we began to market them directly in the UK thanks to Sainsbury, and earned twice the profit margin of fair trade coffee farmers around the world.

And now we're putting up a roasting machine there and a lot of other people are there working on this, so the economics are quite good. But I also had a number of other experiences trying to do

reforestation work with farmers for carbon credits, and trying to do other basic crops, and I remember a couple years ago when I was in Africa, I went to visit one of our projects in Malawi, and as typically happens, they got a group of farmers to meet with me, 12 of them, 11 men and 1 woman. All of the men were big farmers; they had one or two acres. The woman had a quarter acre. And the year before we came to work there, she was a widow with one child, she earned only \$80 for the whole year.

And this year, they picked her to be the spokesperson because she earned \$400; she increased her income fivefold when most of the men could only do a threefold increase. And she was talking to me about it, and I'm saying this because I keep reading a lot of things where people say, you know, we're just going to have to lease all this African farmland out and the small holder farmers lose their right to farm. It's too bad; the world has too many food needs.

Well, first of all, every African country should strive to be self-sufficient in agriculture and to preserve the culture, I think, of the people there and their rights to farm the land. And my experience is that if you give people good seeds, good fertilizer, you get rid of the pests, and you have any kind of storage and marketing capacity, you can dramatically increase both production and income.

One of the things that most people who don't work in

agriculture there don't understand is that about half of every farmer's income is lost every year because most of the farmers live in remote rural areas without good roads and no -- not only no motorized transportation, but no animal-driven transportation, so they have to give up half their income just to get the food to market. So, one of the most important things we do is just market the food for them.

I was in Ethiopia a couple of years ago and they've done a lot of remarkable things in Ethiopia, but it's really quite a great farming country, which surprises people since they all think about that sliver of Eastern Ethiopia that's part of the Horn of Africa and part of repeated famines, but they had a bumper crop. I was just out looking at some of our solar villages and it was amazing the food that was there, but there was no storage and no transportation network.

So, what I would like to say is, I think that the proper infrastructure to extend AGOA and to do intelligent aid, is to try to help build the systems that will make Africa both more self sufficient and more able to export, that will maximize the capacity of African countries to grow food and develop other resources, but do it in a way that maximizes employment and income within African countries. And I have seen, in country after country after country, how this could be done.

If we had taken a tenth of what has been spent dealing with

famine in the Horn of Africa in the last decade to maximize the capacity of the countries next, nearest to famine, then Africans would be taking care of the famine and the aid would go to the African farmers in those countries and we would be building the agricultural capacity of those countries.

So, I hope that there will be a lot of interesting debate about how to build the infrastructure of long-term economic growth beginning with agriculture with the extension of AGOA.

The other thing I would like to say is that I know a lot of our -- whenever you see what America's imports from Africa are, they're always broken into non-energy and energy, which is a fancy way of saying, we need a lot of African oil, and that's fine, but I think that we should have an energy strategy with Africa and a governance strategy. I think we should help African countries to come closer to modeling what Botswana did with its diamonds, to have model codes and capacity to get the benefit of the resources of a country reinvested, to diversify the economies of those countries, and to lift the incomes of the people who live there.

I met a young Nigerian -- I go to Nigeria once a year to a big event there sponsored by the largest newspaper, and they get everybody together and hope that if they just keep pulling all elements of society together that some of the more destructive patterns of business will abate

and some of the better ones will take hold, but one young man just came up to me out of the blue and he said, "You know, I've been listening to you talk for years," and he said, "Finally I realized that we had to stop flaring our natural gas. We were burning up all this natural gas and just wasting it. So, I did what you always do, I went and made a deal. I just made a deal with the people who were burning the natural gas. I said, let me buy it and I'll cut you in on the profits. Don't worry about the rest, and I'll deliver the gas. I'll clean up the economy, improve the economy," and he said, "it turned out that once I was ready to give them some money for nothing but just giving me the permission to divert the gas, I got to do some of it."

We need to think more about this and we need to think about Africa not just in terms of oil, our minerals, our precious earths. There's nothing inconsistent with developing the oil resources of the country and the natural gas resources of a country and maximizing distributed solar power so that power can be brought for growth and for study to children in rural villages all over Africa. There's nothing inconsistent with wanting to develop rural Africa and trying to develop larger waste-to-energy projects in the teeming cities of Africa.

Sao Paulo, Brazil, they're about to have the Rio+20 meeting in Rio. Sao Paulo, one of the biggest cities in the world, has two electric

generating plants at the site of its two biggest landfills. Methane gas is a more powerful greenhouse gas than carbon dioxide and it disseminates into the atmosphere. That is, you can get rid of it in one-fourth the time.

So one of the things that we should all be working on to buy the world some more time before the worst consequences of climate change happen is to dramatically reduce methane emissions. The best way to do it is to close every urban landfill in every megacity on the planet. There should be a funding mechanism set up for it. And it's like everything else with an energy input, whether it's the sun or the wind or garbage: it's cheap, all of the costs are up front, and all the benefits follow. So you have to work out a different financing mechanism than, let's say, running a coal-fired power plant, where you build the plant and then you pay for the fuel source every year at a substantial premium.

But I think that we should think about the development aspects, export as well as internal development, when we consider where we're going in the future with Africa. I think we should be helping African countries to develop all of their energy resources, including the ones that may not be immediately apparent that will guarantee economic and political independence and widely dispersed economic benefits. So I feel that way about agriculture and energy. But most important, I think it is very important to recognize that the fundamental idea behind AGOA was

right: that no country can work itself out of poverty with aid alone.

The best experience that's happened to me recently with the work we do in my current life was in Rwanda, where we helped at the government's request with Dr. Paul Farmer and Partners in Health to build a hospital in every region of the country because only the one in the capital, Kigali, survived the slaughters. So then we built them all.

Then they said, well, Partners in Health has a good health delivery model. Would you try to build it out in two of the eight regions? We said yes. So then we did that. We opened satellite clinics and trained community health workers.

And then they said, stop, we have to do the rest, and we have to find a model that we can sustain year-in and year-out without aid.

So we got -- the Americans who work in this field were so impressed that 19 American medical schools agreed to train people for 2 years, listen to this, for a total overhead of 7 percent. That's less than a fourth of what the average overhead is for American NGOs. Because everybody was just so blown away that they actually wanted a model that would work, that would improve health outcomes, that would reduce infant mortality, that would deal with all these challenges, and it could be maintained year-in and year-out with people properly trained. We do similar training programs in Kenya, Tanzania, Mozambique, and a lot of

other places.

But to go back to AGOA, it all starts with having an economy that grows. And I think the United States and other countries have a continuing obligation to open our markets to more products produced in Africa and, at the same time, to increase the capacity of Africa to produce more and different things, to maximize the impact of energy and other natural resources, and to try to get good model legislation there, and train people to avoid the resource traps, the resource traps that have captured so many African countries, and to really dramatically improve the productivity of African farmers because for smallholder farmers, what it takes to improve productivity is so inexpensive. And being able to feed yourself and having a level of food and energy independence will accelerate economic growth in other areas and open up opportunities through adversity which don't now exist.

So yes, please, seamlessly reauthorize AGOA. But in the process, let's remember what we've learned in the last 15 years about building capacity and diversifying economies. This has been a very good deal for America and it's been a very good deal for our African partners. Some 40 of the 48 countries in Sub-Saharan Africa are eligible for this. But let's not also forget that Sub-Saharan Africa has 48 nations. And while it is true that 10 of the 20 fastest-growing economies in the world last

year were Sub-Saharan countries, and several others not in that list are not in that list because they've been growing so fast before, there's still about half the countries, maybe a few more, who don't yet have the level of growth of which they are plainly capable if we can marry the incentives plus the capacity.

So that's my take on this. I'm very proud that we did that so long ago. I think it is imperative to reauthorize it, but I think you are just beginning to see Africa's moment in the sun. I think the topsoil, the labor force, the innate ability, the energy resources that you see in Africa mean that the next decade will be better than the last if we deal with these few but profoundly important fundamental challenges. And the reauthorization process for AGOA is a great backdrop for the United States to do its part to do just that. Thank you very much. (Applause)

* * * * *

CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Carleton J. Anderson, III

(Signature and Seal on File)

Notary Public in and for the Commonwealth of Virginia

Commission No. 351998

Expires: November 30, 2012