

THE BROOKINGS INSTITUTION  
WHITE HOUSE MEDIA BRIEFING ON  
OBAMA'S VISIT TO AFRICA

Washington, D.C.

Thursday, June 20, 2013

PARTICIPANTS:

**Moderator:**

MAO-LIN SHEN  
Director of Communications, Global Economy and  
Development Program  
The Brookings Institution

**Panelists:**

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

WITNEY SCHNEIDMAN  
Nonresident Fellow, Africa Growth Initiative  
The Brookings Institution

HAROON BHORAT  
Professor  
University of Cape Town

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Alexandria, VA 22314  
Phone (703) 519-7180 Fax (703) 519-7190

## P R O C E E D I N G S

MR. SHEN: Okay, thank you, everybody, for coming -- especially those of you who just came back from Berlin yesterday -- 1:00 a.m. in the morning.

So, I just want to introduce the scholars we have today, and a little bit about the Brookings Africa Growth Initiative.

The Brookings Africa Growth Initiative is a program within Brookings with a mission to produce more research about Africa, from African sources, and to raise the African voice and policy discussions in Washington on issues related to the continent.

Our initiative, actually, is partnered with six think tanks in Africa, and we closely collaborate with researchers in Africa. So, if you have need another resource or on-the-ground insight, we're always available; we can connect you guys.

The scholars we have today are: Mwangi Kimenyi, who is a Senior Fellow and Director of the Africa Growth Initiative here at Brookings. His research focuses on Africa's development, economic

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growth, buildup in the economy and the private sector. Mwangi is a Kenyan, and he's the Founding Executive Director of the Kenya Institute for Private Policy Research and Analysis.

We also have, to my left, Witney Schneidman, who's a nonresident Fellow with the Brookings Africa Growth Initiative, and a Senior International Advisor at Covington & Burling. He's a former Deputy Assistant Secretary of State for African Affairs, and his research focuses on U.S.-African relations, trade investment issues, and issues related to economic growth and prosperity in Africa.

And then we have Haroon Borat, all the way to my left. Haroon is Professor of Economics at the University of Cape Town, and he's Director of the Development Policy Research Unit at the University of Cape Town, which is one of our think tank partners with the Brookings Africa Growth Initiative. His research interests cover labor issues, poverty, income distribution in South Africa. He has served as economic advisor to a number of South African

presidents, as well.

So, maybe we can go around the room, and introduce ourselves, with my colleague over here, to the right.

MR. WESTBURY: Sure. My name is Andrew Westbury. I'm the Assistant Director of the Africa Growth Initiative at Brookings.

MR. LYNCH: I'm David Lynch -- Bloomberg News.

MR. CAMPBELL: I'm Bryce Campbell. I'm the incoming Assistance Director of the AGI program.

MR. SHAPIRO: I'm Ari Shapiro. I cover the White House for NPR.

MR. FELSENTHAL: I'm Mark Felsenthal. I cover the White House for Reuters.

MR. NAKAMURA: I'm Dave Nakamura. I cover the White House for *the Washington Post*.

MR. CONDON: George Condon -- cover the White House for *National Journal*.

MR. BARRETT: I'm Wes Barrett, and I cover the White House for Fox News.

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MR. SHEN: Okay. And those on the call, if you could introduce yourselves.

MS. HENNESSEY: Oh, hi. It's Kathleen Hennessey. I work for *the L.A. Times*.

MR. SHEN: Anyone else?

MS. JENNINGS: Alicia Jennings, from the --

Ms. LIANG: I'm Aislinn Liang, Southern African Correspondent for the Daily Telegraph.

MS. JENNINGS: I'm sorry.

MS. PICKLER: Hi -- and it's Nedra Pickler, from the AP.

MR. SHEN: Okay, great. Thank you.

So, Mwangi, do you want to go ahead and start?

MR. KIMENYI: Thank you very much. Good morning, ladies and gentlemen, and thank you very much for joining this press briefing on President Obama's trip to Africa next week.

As you know, Africans were very excited when President Obama was elected, and they expected different engagement than in the past -- mostly in

regard to policy, and, also, in terms of actual visits to the continent, given the President's African heritage.

On the policy side, Africans have been largely disappointed, especially when they look at the focus on Africa by the previous presidents -- in particular, President Clinton and President George W. Bush, who did quite a bit. They had a lot of programs specific on Africa.

These have been particularly disheartening in light of the media focus on Africa that, to be clear, the President has shown -- other countries have shown, particularly China, Brazil, Turkey, and many other countries. They therefore have a feeling that President Obama is still not in tune with the emerging continent.

On the visit, President Obama, of course, visited Ghana, and spent about 22 hours on the continent.

This time, he will be visiting Senegal, Tanzania, and South Africa. That will be increasing

the number of countries to four over the last five years -- that the President to have visited; we're talking about more in the sub-Saharan Africa.

But you look at the movement of Chinese leadership over the last five years -- Chinese leaders -- we are thinking about the Vice President and the President -- they have visited those over 30 countries, African countries - over thirty, three zero, countries. The Vice President, even before he became President, visited -- one time, he visited -- about 10 months, he visited 17 African countries.

So, although this visit is important, it's still seen as relatively small -- something compared to what other countries are doing, in terms of engaging Africa. Now -- so in that sense, there is a bit of disappointment from the African side.

In terms of substance, clearly, we are not quite sure that we expect media initiatives. If you look at what has happened over the last five years -- or four plus years -- there has not been real media initiatives that one can say are quite strategic, or

they are quite new, so to say. Most of the Africa-U.S. relationship today is defined by the Clinton and Bush programs.

So, at this time, we don't expect media initiatives. There may be a new program, but they are probably not going to be large in scale. They may be isolated in particular countries; maybe some energy program in Tanzania, or some security concern programs. But we are not expecting to see continental-wide type of approach to programs, like in the case of President Clinton and President Bush.

So, we don't expect this trip, then, to quell the concerns of a President who has largely not taken Africa seriously. Nevertheless, I would say that there's excitement in the continent. But, again, those countries that he's visiting, he's still someone that Africans see as one of theirs, and so there will be quite a bit of excitement in Senegal, Tanzania, and, also, in South Africa.

We expect that there'll be still the same focus on governance issues, the rule of law. But,

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again, we see some emphasis on security, particularly as it affects the United States of America.

And I will stop there. Thank you.

MS. HENNESSEY: Just one more question, -- can the speakers identify themselves so we know who's talking? Thank you.

MR. SHEN: Sure, we'll definitely do that. That was just Mwangi Kimenyi.

MR. SCHNEIDMAN: Good morning. This is Witney Schneidman, and -- just to get that on the record. Thanks for this.

Let me take a little bit of a different approach from my friend and colleague, Mwangi Kimenyi. I think this trip has the potential for laying the groundwork for a pivot toward Africa like we have not seen before in the U.S.

Whether that pivot is realized remains to be seen over the next several years, but I think a number of things are in place that auger for a more dynamic U.S. policy.

I think the process really started last

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year, when the administration put forward a presidential policy directive. And it outlines four areas -- trade and investment, security, development, democracy -- that were going to be priorities for the U.S.

These aren't earthshaking objectives, but it had the impact of mobilizing the different agencies of the U.S. government to start developing initiatives. And I think this trip is a direct outgrowth of that effort.

And I think we're going to see some things in this trip that will really be quite important to future U.S. engagement. There's no question that trade and investment is going to be a major focal point. The President will be doing a business dialogue in Pretoria. There'll be a CEO summit in Tanzania. And that will help to catalyze not only U.S. trade and investment, but, I think, partnership with African businesses, as well.

This administration is focusing on East Africa as a major priority, and they're working on a

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trade and investment treaty. And that's an important initiative, because it's a recognition that Africa's made up not only of 54 countries, but, also, regions. And to sort of help U.S. companies approach the region of East Africa is an important initiative.

There will be a power initiative. I think there's little dispute that the lack of electricity, the lack of power is a constraint to growth. And the administration is going to try to move in and be a partner to addressing that concern.

One of the administration's flagship initiatives is Feed the Future, an agricultural initiative. And there, the goal is to lift 50 million people out of poverty over a decade.

And, you know, that takes time. It's not like PEPFAR, where, you know, you put people on a medicine to save their lives -- very, extremely important. This is more of a structural change, and I think that's going to take time.

In that presidential policy directive, one of the initiatives was a "doing business in Africa"

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initiative. And I think here's another area where the administration is going to try to give definition to U.S. engagement.

And finally, the area of engaging Africa's youth -- or next generation of leaders. And the President would be doing a major initiative in South Africa on that, as well, and it's really an effort to sort of engage the future generation of a continent. You know, the median age on the continent is about 17 years old -- and to really have a dialogue, a broad dialogue with that generation on the continent is quite a priority for this administration, and, I think, well-played.

So, it remains to be seen, you know, exactly how the trip goes down. But I think I'm very encouraged by it, and, like I say, I think it has the potential for opening a new chapter in U.S. engagement in Africa.

MR. BHORAT: Thanks. This is Haroon Borat.

I'll just make five broad points about the President's visit to South Africa, in particular, and

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then maybe come through with some reflections on sort of broader African issues.

I mean, in the context of South Africa, just very briefly -- the U.S. has, if you like, a comfortable -- not quite cozy, but a comfortable relationship with South Africa -- both sort of from Senator Kennedy's visit during apartheid years, supporting the ANC through to the sort of more recent President Clinton-President Mandela sort of interaction that's very warm and engaging. And I think that's sort of seen the post '94 -- post-apartheid years cemented in terms of the U.S. and South Africa.

You know, just some of the statistics -- South Africa's trade with the U.S. -- their trade relationship is about \$22 billion U.S. in 2011. The U.S. runs a slight deficit with South Africa, but it's -- for the U.S., it's -- the U.S. is 36<sup>th</sup> the most important trading partner. In a sense, you know, not another sort of small economy in terms of the -- so you've got 600 major U.S. corporations actually

invested in South Africa.

And so there's a lot invested in the country. And that ranges from the Microsofts and Apples, to Levis and Goldman-Sachs, and so on. So, it crosses a range of industries. The U.S. has a base in South Africa.

Just secondly, to focus a little bit about the U.S.-South African aid flows -- PEPFAR is the largest, so that's the sort of HIV/AIDS program. Its largest base is in South Africa, and it's done phenomenally well in terms of complementing the ARV treatment program.

I want to take a slightly different tack. I think, despite the great successes of PEPFAR, there's been a lack of a focus on some of the economic challenges facing South Africa. So, you think of microenterprises, an economy with a 25 percent unemployment rate -- 40 percent for young people; 45 percent for women -- that gets relatively little attention through the U.S. donor channels that they used to.

So, in the early '94/'95 years, you used to see a lot of economic linkages-type support. That's sort of been trumped, pretty much, by PEPFAR. And I think -- and if you listen to Witney and Mwangi, I think the time is right for, actually, that switch back to economic linkages, economic-type support -- reducing poverty, inequality, and so on. And one can talk more about that.

Thirdly, in terms of the U.S., and trade flows, and FDI, there's been a new signal from -- so when Hillary Clinton visited South Africa, they signed a trade and investment framework agreement. The counterparts signed that. And that was an agreement between business leaders in the U.S. to talk to government in South Africa around problems, constraints on investing in South Africa. So, I think that's, again, a step forward in the right direction.

We worried a little bit about fund managers in South Africa polluting our capital flows and influencing our currency, but that's our issue, so we've got to figure that out. But that's a huge sort

of currency issue for South Africa.

South Africa remains keen to continue with AGOA, and, you know, that's come out in public statements. But I do think that the store pretty much -- again, you know, what Mwangi said is pretty much an old style routine in South Africa -- let's go back to our old network; let's keep, like, current companies going.

There hasn't really been a presence of U.S. companies since '94, taking advantage of the new opportunities in South Africa -- and then, mainly new ones that have been taken up by China, by India -- and, to some extent, even by Russia.

So, you've seen new emerging markets entering into other emerging markets like South Africa, and taking advantage of economic opportunities, in a way where the U.S., already with a foothold, arguably hasn't done enough.

I use one example -- I'm probably going to get rapped over the knuckles for this, but I'm an academic, so it doesn't matter -- Apple Computers has

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a presence -- an okay presence in South Africa, but a very, very poor after-sales service, right, and a very poor supply of their own products in South Africa. And it's a huge market, but nothing's happened. You have to send, you know, products to North Africa to get it fixed, and things like that.

So, just one example of, you know, the U.S.'s most valuable company hasn't sort of quite caught onto the opportunities available in South Africa.

Then fourthly -- and I'll try and be brief - - South Africa needs to be seen by the U.S. as a portal into Africa. China's seen that very clearly. China bought 20 percent of Standard Bank of South Africa as this sort of financial highway into Africa. The U.S. hasn't done that yet, right?

And I think the extent to which the U.S. strategy needs to figure out that South Africa, with its presence in telecoms, in finance, in retail, can be that bridge into an infrastructure, can be that bridge into the continent -- and not just as the

continent's largest economy with Nigeria, but, certainly, as a dominant presence in Africa already.

The U.S. needs to find a strategy to link into South Africa in that manner. I think the Wal-Mart deal is an example of not trying to do that in a very innovative way.

It's not clear that other corporates have followed, and I think it's partly to do -- and one can generate a discussion -- partly to do with the mindset of U.S. corporates -- not as risk-taking as emerging market corporates, and I think that's partly what's going on.

The fifth point is whether the U.S. can think more creatively about South Africa, in the context of South Africa as an emerging market on the global stage. So, South Africa's involvement -- keeping in mind this historical link, right, that's fairly positive -- so you've got South Africa in BRICS. South Africa's a member of the G-20. South Africa is a member of the U.N. -- a nonpermanent member of the U.N. Security Council.

So, there's all sorts of global stages that South Africa operates in, and it's not clear to me that the U.S. has quite figured out how to deal with South Africa in that context. And I think it's critical.

And one thing -- so the BRICS Bank, for example, is one.

So, then, just finally, a few comments about the U.S. in Africa -- I mean, there's a huge demographic dividend that's been predicted and projected for Africa, right? So, between 2015 and 2030, about 470 million people were into the labor force globally. The majority of those individuals will come from South Asia and Africa.

So, in the context of where Africa is growing, there's a huge demographic dividend waiting to be exploited, if you like. You know, if one thinks of (inaudible) presence in Africa -- (inaudible) has figured this out, right? And they're projecting ahead.

That being said, you've got six of the ten

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fastest-growing economies in the world, in Africa -- admittedly, from a very low base. You've got dynamic opportunities that are being exploited by, as you know, by China, and India, and other economies.

So, to some extent, the U.S. has a foothold already, but recognizing that these are new and dynamic opportunities, both now and in the future, is critical.

The final point -- and it's almost a suggestion -- is that I think there does need to be a differentiator strategy when the U.S. deals with Africa. And I've given just one example of how you can think of the continent in a different way.

The three -- one type -- there's so many different cat -- one type of -- types of economies you have in Africa -- those that are growth nodes -- so, in other words, those are almost-middle income countries or large, stable economies -- South Africa, Nigeria, Mauritius, Kenya, maybe, Rwanda. They are growth nodes. The kind of interaction the U.S. needs with them is very different.

You then have fast-growing, low-income countries -- Mozambique, Zambia, Uganda, right? Most of your Africa success stories are low-income countries. There, the interaction is slightly different, right?

It's -- and then you have the fragile states issue, right? So, your Somalias and Zimbabwe, also. And there, governance, security, post-conflict-type U.S. foreign policy issues come into play.

But I think in the first two, you need a far more nuanced and sort of mixed model of interaction than is currently the case.

Okay, I'm going to stop there.

MR. SHEN: So, we're going to now go to questions. We'll make sure to also take questions from the line, as well. Anybody here in the room want to start off?

QUESTIONER: Yeah. Can I ask about sort of the notion of a competition between China and the U.S., in particular, for Africa -- for its natural resources, for its allegiance, what have you? To what

extent is that real, and to what extent has it been overstated, do you think?

MR. KIMENYI: Okay. So --

MR. SHEN: Mwangi, you might identify yourself.

MR. KIMENYI: Yeah, this is Mwangi Kimenyi, of Brookings.

So, what we have seen recently -- initially, if you look at -- you go back 20, 25 years back, and look at who was actually in Africa, sort of in the natural resource sector -- go to Nigeria, for example, the Nile Delta -- what you see there are the American companies. You see Chevron. You see Shell. They are the ones who own -- who have control of most of the block there, and have been there for some time.

You go to Congo, DRC you'll find American companies, as well.

Now if you look at the last 20 years or so -- fast-forward -- there have been a lot of new discoveries of natural resources -- oil and gas -- in many of these countries. But if you look at who is

really there, you'll find that, you know, China is probably there, maybe 80% (inaudible) is the country that is controlling those natural resources.

So, I would not say that there is competition. It's total dominance by the Chinese in the natural resource sector in Africa -- new ones. But the old ones is still the United States between French and so on.

MR. SCHNEIDMAN: And let me just recall -- this is Witney Schneidman.

Number one, I think it's important that we don't look at the U.S.-China competition for natural resources in Africa as a zero-sum proposition.

And the reason for that is that as Mwangi said U.S. companies are largely in oil-gas -- they're also in mining -- have been in Africa for a very long time, and they have a very established presence.

China is a newer presence. They've been very quick to move. They've been very aggressive. They have a lot of resources to invest.

But in some areas, Chinese companies and

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American companies are actually working together in certain blocks -- and with British companies, as well.

So, I don't think that's as much of an issue as is, what is the nature of China's engagement in Africa? What are the nature of the contracts? Is China training workers? Are they investing in communities? Are the deals transparent?

I think those are the issues that really deserve more conversation.

MR. BHORAT: Just to -- I mean, I think -- sorry; this is Haroon Borat.

I mean, the -- an example of why one -- that is a bit too simplistic, to think of it as U.S. versus China -- is that the deal that the Bank of China did with Standard Bank in South Africa was intermediated by Goldman-Sachs.

And so, in many senses, you know, where there are opportunities, you know, large corporates will not sort of, you know, assume because you're Chinese or U.S.-based, you know, the deal won't go ahead.



I think the real key question is whether, for the long run growth of a continent, you're going to see practices by foreign investors which protect the integrity of the growth patterns, to ensure that there's minimal corruption rent-seeking, institutions are protected, and, in a way, the resource acquisition by both China, the U.S., and the E.U. can actually build some sort of secondary industry -- and, in that way, protect, if you like, the growth path of a continent.

I think that's the --

QUESTIONER: What's the early evidence on that score?

MR. KIMENYI: Well, I mean, again, just to work on that -- I don't think there has been -- this is Mwangi, again -- I don't think there are major differences in terms of moving from natural resources to transforming African economies, whether it's by E.U. or by American.

I mean, American companies operating in Niger Delta, just take away the oil. We don't see

other secondary industries coming up anytime. So, in terms of some of the practices, they are equally bad. I mean, Niger Delta is one of the most polluted areas in the continent by the American company.

So, we need to ask China, but I think we need to be careful, because the practices by American companies are equally bad.

But in terms of what Africa is moving these natural resources from just sticking them away to later having transforming economies -- building factories, for example, you know, power generation to free up the economy.

That's what's not happening in Africa in the area of natural resource exploitation -- by Americans, by you, by China -- and that's a big problem for Africa, I think.

MR. SCHNEIDMAN: American companies in the extractor sectors have a long tradition of corporate socialist function .

And whether it's investing in health sector, or malaria, making any retrovirals available

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education, training -- there's a long tradition of doing that.

For instance, if you go to Chevron's offices in Angola, you know, 80 percent of those people working there are going to be Angolans. You can't say that for a lot of other companies -- certainly, Chinese.

But the point's well-taken. What we haven't seen is a lot of ancillary businesses grow out of the extractor sectors. So, it is a bit of an enclave initiative, and I think that's really the challenge. How can, you know, European oil companies -- American, Chinese -- really stimulate broad based growth in these economies?

MR. SHEN: Whitney, did you want to --

MR. BHORAT: Yeah, I just wanted to come in and say, partly, it's also the responsibility of national governments, right? I mean, so the utilization of revenue generated from FDI -- whether it's tax revenue or other forms -- must be invested responsibly, right?

And, to some extent, a secondary nationalization program does feed off the effective utilization of resource revenues. And you haven't quite seen that in the African continent. So, it's partly -- it's not just blame the investor, but it's also blame the local governments.

And I think if a link can be made between that and how aid flows, facilitate better institutions, better governance, better fiscal responsibility and so on, I think it can be begin to see that secondary effects.

MR. SHEN: George --

QUESTIONER: George Condon and the *National Journal*. Can you elaborate a little bit on the President's relationship with the continent?

There was so much excitement, if not jubilation, when he was elected. Do they now see him as just another American president? I assume there's still some excitement. Do they understand that he had an economic crisis to deal with at first, that might have diminished the fact that -- what is the

relationship?

MR. KIMENYI: Okay. So, I think when the President came to power, there was too much excitement, and it was misplaced. It was within the - - I mean, the President was facing problems in Iraq, Afghanistan, so -- and, of course, the economic crisis at home. So, he didn't have all those resources to deal with.

So, there was an excitement, but a bit misplaced, right? Expectations were too high.

However, Africans still consider Clinton their president. I mean, if you go to Africa and mention Clinton -- I mean, he is a hero, even today. I don't think President Obama is going to approach the level of President Clinton at all, in terms of respect, in terms of what they feel -- and it's partly because, as one whose family is from Africa, the expectations were rather high.

I mean, they expected him to do more, to do more visits, to actually relate better with Africans, to understand the continent better.

So, what I see when I go to Africa is, people are very cynical. They are not (inaudible) where he goes. But there is not that feeling that, you know, we have our son there. There's probably more reference of a prodigal son than a, you know, son.

MR. BHORAT: I mean, just to reiterate -- I think if you asked the average South African which president in the post-'94 environment has been most -- which U.S. president has been most sort of prominent in a South Africa-U.S. dialogue -- and it will be President Clinton, hands down. And then all over globally, this sort of President Clinton-President Mandela relationship was very strong.

And, if anything, President Obama, you know, is seen on equal par with any other sort of leading developed country president. He doesn't have a particular affinity or link to South Africa.

MR. SCHNEIDMAN: Yeah, I think, the first term, President Obama was quite constrained by the two wars and the economy.

But there's another factor that people sort of tend to overlook -- and that was, you know, the whole birther movement here in the U.S. that was sort of questioning his place of birth to begin with. And that -- it made it -- I think it was a real constraint on dealing with Africa.

It's true President Clinton is held in a lot of affection. A lot of that is just the nature of who President Clinton is, anyway.

But I think that there is a concern. When I travel in Africa, I frequently hear, you know, "Where are the Americans?" You know, China's there, Bill's there, everybody's there, and hopefully this trip begins to sort of reverse that and that the kind of excitement is generated, but more importantly, the kind of programs and initiatives are generated that really provide the underpinning for a deeper engagement.

QUESTIONER: Whitney, you said, I was struck by the fact that you had a much more optimistic first take, I think, than Mwangi's had. Why do you feel that way despite the record that this Administration

has shown or a lack thereof? And you talked about, sort of, this plan that the Administration laid out last year. Some people mentioned it came in, what, June or something in the middle of the campaign --

MR. SCHNEIDMAN: Right.

QUESTIONER: -- and it seemed to just be kind of thrown out as an afterthought almost, and you seem more -- much more optimistic. I'm wondering why, and why, if they were so eager to do this now, why they weren't -- you mentioned some of the constraints right there (inaudible)?

MR. SCHNEIDMAN: This is Witney Schneidman. Because I think President Obama really cares about Africa. We've never had a President that has been there as many times before becoming President as he has. Obviously, we've never had a President that his family comes from Africa, so, he knows about the continent. He's aware of developments. But I think it's been very difficult for him to impact on U.S. policy for the various reasons that I've mentioned and others.



So, I see that PPD, the Presidential Policy Directive, even though you read it, it's a very bland document, but from the being inside government point of view, a lot of work went into that and it focuses the attention of agencies and a lot of the initiatives that we're going to see rolled out on this trip are a result of that process.

So, you don't necessarily see -- it doesn't make the news every day, if at all, but a lot of work is going on to how can -- you know, what's the Obama legacy going to be in Africa? And so, I think it's too early to tell, but there's clearly a concern about it.

QUESTIONER: One follow up, too, you seem to be comparing him to President Clinton. How would you compare President Obama -- it doesn't have to be the whole continent, to certain countries in South Africa and others, to President Bush? And what's President Bush's legacy?

MR. SHEN: Mwangi, if you want to --

MR. KIMENYI: Oh, actually, and I'm talking

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about President George W. --

QUESTIONER: Yes, yes.

MR. KIMENYI: Very positive. Actually, he surprised me and he actually surprised Africans, who don't expect much from Republican presidents. And if you look at the AIDS programs, major AIDS programs that my colleague was talking about, you read about MMC, the major infrastructural program, these are created things, these are creative programs that came under President Bush. We don't see that type of thing.

In fact, I would like to disagree a little bit with my colleague about this strategy that was launched in June, which talked about new strategy, and if you look at it, there's really nothing new and there's nothing strategic. This is actually a amazing, if you think about the same governance pillars and so on, it's really not a strategic document.

And I think what will (inaudible) Africa's programs, cooperative programs like MMC, but the other

thing which, again, I agree with Whiney here is that what Africa needs is not just money going to aid programs. It is cooperative business venture that creates jobs. That's what Africa is looking for. It's really more on the investment side, not just money.

QUESTIONER: Do Africans expect that he would have visited Kenya? Do they understand his reason for not visiting Kenya? Is that controversial at all?

MR. KIMENYI: I'm from Kenya. That question should probably go to someone else. But, yes, there is a disappointment that has actually turned out to be a joke now because people have been talking about what President Kennedy did. There were criticisms, by the way, that the family was associated with IRA a long time ago, if you read the history, you will see.

And he met his family, he met his uncle. President Clinton when to see where he comes from, President Reagan went to where he comes from, so this was -- there was a new expectation that President

Obama would probably go to his father's grave, lay a wreath there. It's still his father. So, there's quite a bit of disappointment.

However, the talk in Kenya, which I just came from, was that because there was clearly, there was severe opposition, again, to the current leadership, and there was the talk about consequences for electing President Uhuru and Ruto, this is one of the consequences.

So, one of the things they are saying is that you either want Air Force One or you want democracy, which is another a bad thing for people to be saying about the President.

MR. SCHNEIDMAN: This is Whitney Schneidman. Personally, I would love to see President Obama go to Kenya. I would -- even on this trip, to sort of break a way and do a personal trip to go see his grandmother in Nakuru in a very powerful symbol of the depth of the U.S. relationship with Africa, and I hope it happens before the end of this Administration because I think it's important in many dimensions.

QUESTIONER: I mean, they're saying we can't go when the new president is an indicted war criminal. If that were said in Africa, would people be understanding of it? Or would they say, what, are you crazy?

MR. SCHNEIDMAN: I think the ways of doing it -- you know, when President Clinton went to Africa in 1998, he took a couple days and went to Botswana on a personal trip in a game park and just had a day or two of down time, so I don't see why he can't fly to Nakuru, have some downtime with his grandmother and just enjoy it and leave those issues to another day.

MR. SHEN: Can I just take quick questions from the call -- anyone on the line want to ask a question?

MS. HENNESSEY: Yeah, this is Kathleen Hennessey from *The LA Times*. I wanted to ask a little bit about Mandela. I know that his condition seems to be improving and I don't know that we're going to get a meeting between the two, but if anyone has any insight into the relationship there between the

President and Mandela and even just sort of in the public imagination, how those two leaders may or may not be linked. I'd be interested in hearing that.

MR. BHORAT: I mean, I think -- this is Haroon Borat -- I think it's partly -- I mean, the relationship is shaped by what has been said earlier, right, so you've had President Obama, who hasn't visited the continent, hasn't visited South Africa, and I think it's important to emphasize that there are sort of determinant factors, right, sort of the birther movement and two wars and so on that have kept President Obama away, but on the other side you've got President Mandela, who's been very, very ill. And in that context, not that he can't accept visitors, but that it's very difficult for him to remain engaged in the public life, even if it's commenting on, say, President Obama's not visiting South Africa or engaging more with the President's wife when she visited South Africa.

I think, you know, effectively we have in President Mandela, somebody who is, you know, so ill

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that it's very, very difficult for him to productively engage in public life. And I think that's acted as a constraint.

My sense is, were this ten years earlier, President Mandela would have reached out. Being President Mandela, he would have reached out to President Obama, and I think the relationship would have been a very sort of warm and productive one, I have no doubts about that.

MR. KIMENYI: Yeah, I'd like to say that I think that what would be significant -- I think it's symbolic, but important, is a visit to Robben Island where Mandela was imprisoned for 18 years. I think that is a fairly emotional trip and that should give him probably some closeness, going to visit that place. I was hoping that he would also visit Goree Island in Senegal, which would have also given him a real perspective, which was the main slave trading center in Senegal. I think that would have been --

QUESTIONER: He is going to --

MR. KIMENYI: Oh, he is going to go -- then

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that would be quite -- that's a real connection about the history. And I think those places will probably make him get a better connection to Africa.

MR. SCHNEIDMAN: This is Whitney Schneidman. President Obama does have a relationship with President Mandela. Obama visited Mandela in 2007 when he was in South Africa. Michelle Obama visited President Mandela when she was there summer before last, and most recently, President Mandela sent President Obama a signed copy of his most recent book. So, I think there is a recognition of just the importance that these two individuals are to each other.

MS. TALEV: This is Margaret Talev from *Bloomberg*. I wanted to ask you about the Obama-Mandela relationship also, but if I could sort of take it to a different level.

What do you see as kind of the continuum of the Mandela legacy and the Obama legacy? I mean, you're right, that because of a variety of things (inaudible) have had much of a chance to engage that



much personally, but the first black President of the USA, it's the first black President of South Africa, the end of one -- the sunset of one (inaudible), the sort of apex of another flag -- what do you see as the similarities between the two, what do you see as the differences between the two? Is there any sort of Mandela legacy that you think Obama should be carrying on, globally or in the US?

MR. SCHNEIDMAN: How long do we have?

MR. BHORAT: There is only one President Mandela, I have to say that as a South African. So, and I think, you know, anybody sort of trying to take on from there at a global level is always going to come out second best.

I think, you know, if President Obama can use the goodwill that he's no doubt accumulated in the first two terms globally to actually, you know -- for example, one of the things is to try and look at the - - something that I'm working on at the moment -- the post 2015, the post Millennium Development Goals environment within the United Nations. Somebody as

sort of powerful as President Obama can actually be a rallying person for thinking about the Millennium Development Goals post 2015 for Africa, engaging in social causes that actually, not only promote Africa in terms of HIV/AIDS programs, and sort of educational programs in terms of trade and investment.

So, his legacy could be concentrated around the continent, and I think that would tie him -- President Obama to President Mandela's legacy. But at the same time, you know, they're very different personalities, operating in very different environments with different constraints.

MS. TALEV: How are they -- how so? You said they (inaudible).

MR. BHORAT: President Mandela spent 26 years in prison and forged the struggle against minority rule, but then brought peace to a country that was on the verge of bloodshed. I think that's a very different environment to that of President Obama.

Yet, there is, of course, a rebirth quite important in the context of President Obama as the

first black President of the U.S. and that's perhaps a bridge that can be both, but in order to draw a comparison post-President Obama's second term, to President Mandela, he would almost need to build some kind of global legacy around global issues, be it poverty, in equality, malnutrition -- and I think that's the real challenge for President Obama.

I mean, President Mandela's legacy globally has been around peace-building, it's been around building bridges amongst people who are in conflict. So there are various entry points for President Obama. It's just not clear at this stage which one he'll use to build is legacy.

MR. SHEN: Do we have more questions from the line?

MS. HENNESSEY: This is Kathleen again. I'd pick one more, if I could, on -- more specifically on the President's AIDS and HIV programs. Obviously, you mentioned this would be a key part of Bush's legacy. Is there a sense that the President has just funded the PEPFAR program and done nothing more? Or could

you give some sort of more specific assessment of just that area?

MR. SCHNEIDMAN: Yes, this is Whitney Schneidman. I think the President -- this Administration has funded PEPFAR. I think it continues to be an essential program and it's made a transformative difference in Africa, but there's no question that this is a Bush legacy and I think what President Obama is trying to do is, as I mentioned earlier, sort of pivot from the relationship of the past, really U.S. policy toward Africa has been predicated on a donor/recipient relationship, and I think he's trying to move it to one of more mutual benefit.

So, clearly, programs such as PEPFAR, which are still critical, will, I think, continue to exist and be funded, but it's really what's next and where do we need to get to and how are we going to get there and I think that's what President Obama is trying to do. And that's why we're going to see more of a focus on the business side, on the trade side, on the

investment side, underpinned by rule of law, by good governance, by democracy.

MR. SHEN: Any more questions from anyone on the line or anyone in the room?

QUESTIONER: Could you address some of the security issues? There's always been an effort to focus on economic and development, you know, unrest in Mali and the Sahel, (inaudible) Congo, always exist as a sort of an elephant in the room, if you will.

How will those issues be dealt with on this trip and not overshadow the important issues?

And the second question is, we talked about the disappointment in not going to Kenya. Why is the President not, for example, going to Nigeria, which is after all more like South Africa in terms of its magnitude and as a player?

And the last thing is, if you could talk a little bit about what the President wants from -- you mentioned South Africa's role in sort of global fora, the G-20 and the BRIC. What does the President want out of South Africa -- and the United Nations Security

Council -- what does the President want out of that diplomacy and (inaudible), in terms of support in international fora?

MR. KIMENYI: Okay, so this is Mwangi again. Let me take a quick stab at this.

First of all, actually, I just wrote a piece on that. I said, one of the significance of this trip is more the countries he has not visited than the ones he has visited, not to take away from South Africa.

But Nigeria is one of those countries, I'd say, that it seems to me a real oversight not to visit Nigeria. I mean, Nigeria is a major driver in the West African region, it has been so involved in peacekeeping efforts within that area. It has its problems with Boko Haram, which should be important to United States, but that's the top area that the President needs to go and deal with those type of issues.

So, in my view, ignoring Nigeria, which is really the driver, and then if you go to Nigeria as a president, you are not seen as visiting Nigeria, per

se, you are seen to have visited the region. If you go to Senegal, you went to Senegal, you didn't go to West Africa.

So, I would have thought that whoever helped plan for the trip or for the President, in a strategic way, would have included Nigeria. It's a very important country and it's likely going to overtake some other economies in Africa. That's what we hear.

So, in that sense, I think that's an issue. But security -- the engagement of U.S. forums, and business, but security is always a concern and it's a priority always. So, part of the engagement issues that -- I mean, the focus by the President will already be on security, which, again, is surprising that he missed, particularly Kenya, because Kenya, again, has been a partner with the United States in terms of al-Shabaab. So, this is the country that has done a lot of work with dealing with Al-Shabaab and also with North Sudan-South Sudan peace process.

So, it's again, an issue there. So, in that sense, I think -- I am sure that you have pressed

issues for security throughout his trip. Yeah, so I don't have much more about skipping Kenya, so I'll ask --

MR. SCHNEIDMAN: This is Witney Schneidman. I just want to respond to the security dimension that you raised because I think it's really critical. And my concern is that there's an imbalance in U.S. policy. It's almost too much security and not enough debate and development, trade investment, and I say that because the Pentagon has a presence in five African countries, U.S. Commerce Department has a presence in three African countries, and I think it should be just the reverse.

So, security is very important, but I think it's equally as important to get the balance right so that we understand that U.S. policy is not just sort of drones in Somalia or drones in Mali if that happens, but it's a much broader engagement.

MR. BHORAT: So, we know Nigeria is catching up, which is fine, it's good for the continent, but I mean, in the -- just on the conflict issues, South



Africa has established something called SADPA, the South African Development Partnership Agency, and that's a crucial change, right, in -- and it's basically a fund to support African development, a lot of it is around security, actually and if you think of a Central African Republic issue and so on. So, to some extent, you know, that's the point that a more -- perhaps not only a re-orientating away from security towards commerce, but also looking for partnerships is one of the things that the U.S. needs to look to, a partnership within Africa, in terms of security issues and seeing some economies as, sort of, partners in conflict prevention, certainly when there are border disputes and things like that.

It's a good question. What does the U.S. get out of sort of South Africa's role in these global fora? I mean, for one, at least not shutting the door on them. I mean, you get a sense almost in the sort of geopolitical discussions that the BRICS is considered only BRICS and, you know, the U.S. will stay out of it and so on, and I think that's probably

not the right strategy.

If you take the BRICS bank, I think it would be crucial for the U.S. to engage with South Africa as a partner and say, well, look, are there ways in which we can provide technical assistance, financial assistance? You know, sort of, can Goldman Sachs be involved? Because they have an office and the lead in the office is a very influential person, the former governor of our central bank works for Goldman Sachs, for the office in South Africa?

So, you know, there are ways in which the U.S. could position itself relative to the opportunities that may arise out of these global fora that I don't think is happening at the moment. And I think the closer attention the U.S. pays to the Nigerias and the South Africas involved in these global fora and figuring out what deals are being struck there or what opportunities may lie, I think you're likely to see opportunities for the U.S.

QUESTIONER: Could I ask one just kind of technical follow up to something that was said much

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earlier, which is, Mwangi, you mentioned that President Obama will have now visited four, compared to the Chinese, 30, countries. Are we talking strictly about sub-Saharan Africa? Because President Obama has visited Egypt. I just want to make sure that if we quote those numbers, the numbers are, you know, apples to apples.

MR. KIMENYI: So, I'm talking more about sub-Saharan Africa. The reason for -- let me say why I'm not counting Egypt. That mission was not to the African people it was to the Muslim world. But so I'm talking about the visits by Chinese leaders where the Vice-President and the President, over the last five years, have been very intense.

QUESTIONER: Yeah, and so would the 30 number for Chinese leaders include North African countries?

MR. KIMENYI: I think maybe two or so Northern African countries.

QUESTIONER: Okay. Okay, so if we're going to throw Egypt in just to be --

MR. KIMENYI: Say five and thirty then.

QUESTIONER: Five and thirty. Okay.

QUESTIONER: Could I ask you to go back?

QUESTIONER: Oh, go ahead.

QUESTIONER: Sorry, and talk about the economy a little bit. You mentioned -- somebody mentioned six of the ten fastest growing were in Africa although from the low base. Obviously, countries, continents can have false dawns. Africa has gotten a lot of attention including from the IMF and World Bank, but how -- is there, you know, a real sense that this is -- that something has fundamentally changed about the growth outlook? Or are there worries about its sustainability?

And then second, other than the power sector, what are the areas of greatest opportunity?

MR. BHORAT: So, I think you're right. I mean, it's not all good news, right, so the six of the ten story, are the fastest growing, but a very, very low base. But the other thing is, many of them have been riding a sort of a resource -- natural resource

price highs, right, so you've got this sort of price boom in natural resources, and so the Zambians are sort of being upgraded to middle income country status is basically because of the copper price. It still, in many senses, has the attributes of being a low income country, and I think that's a very important point, that one shouldn't lose -- one shouldn't go to the other extreme and say, this is the next East Asia, yet.

That being said, I think that, you know, there are a couple of factors that do suggest that this time may be different. One is the demographic dividend that I mentioned, the fact that you've got these large numbers of individuals streaming onto the labor market will at least provide an opportunity for sustaining this growth part. Right?

The second is technology, right, so the technology in the development economics literature affords the opportunity to leap over stages of development. So, you don't need land lines any longer, right, so cell phones -- you know, end

technologies and so on, have allowed development to be sustained in Africa.

And the third, I think, is the institutions and governance issue. So, I think, for the first time, you're beginning to see a fair degree of stability, the sort of one man -- and it's always a man -- one man-run countries for decades. That sort of -- those despots and dictatorships, I think that era is over.

So, I think those -- that constellation of factors suggests that we may have a chance this time, it may be a new dawn, but I think the core point is that don't sort of overstate the extent to which you're going to see, you know, sort of 10, 12 percent growth right into high income country status.

I'll just end up with one thing is that if you look at a country like Mozambique, it's a fascinating example of the pitfalls as well as the opportunities. Mozambique has been riding -- again, it's one of the six fastest growing economies in the world, one of the ten, but -- but that's been driven

by resources, right, and so they're partly facing a Dutch disease problem, right, so they've been struggling to get the manufacturing base off the ground, but at the same time have been dynamic enough to create large numbers of urban informal sector jobs for young people.

Going ahead, the growth of those people into the labor force is going to increase further. The challenge then, is can they create a sufficient number of manufacturing jobs and convert the sort of resource based economic production system to a light manufacturing? And I think -- so, you've got an opportunity, but the question is, can Africa convert it? And I think that's -- so, the jury is still out in terms of the long run.

MR. KIMENYI: I would like to add to that. I think it's true, the institutions have been improved. We have better -- I mean, from where Africa was 30 years ago -- you have better institutions in terms of governance; you have more democratic institutions. The other significant piece is the

macroeconomic management. Look at the inflation rates for these countries, for example, you see better policymaking, they have been a real change from '70s, '80s, and '90s where you have inflation rates of 100, of course we still have Zimbabwe getting there now and then.

But the other one the claim it will bring business, there has been major improvement in the environment for doing business. If you look at the Doing Business indicators, Africa has the country record in the best improvement. It's still low, but if you look at annual improvement in the environment for doing business, in terms of lowering the cost of business Africa is up there doing very well.

So, in that sense, we see this growth and better founded on fundamentals rather than just the natural resources.

MR. SCHNEIDMAN: Just to add -- this is Witney Schneidman -- if you take a 20-year perspective, the number of democracies that have emerged I that period of time has, you know, gone from



one hand to multiples of that. Economic management, the improvement, is quite important. Efforts by the international community to reduce Africa's external debt has been quite important, but I think one of the dimensions, just to add to what my colleagues said, has been the emergence of the African consumer. If you look at a lot of the McKinsey reports, they make the point that for every one dollar of economic growth that comes from natural resources, five dollars comes from consumer activity services of various kinds, and I think, you know, we've seen the emergence of a middle class, some 350 million people, that have disposable income, that they've got mortgages, cars, they're investing in tuitions, and that's really helping to change the landscape, and I think, fuel this growth.

MR. SHEN: Did you have one more question?

QUESTIONER: Yeah, I'll be really brief, and (inaudible).

President Obama always gives a major speech whenever he visits a country or continent, or in this

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case, sort of both, so Bobby Kennedy, of course, (inaudible), what do you see as -- and Obama sometimes doesn't (inaudible) -- so, my question is, what does he want to do or need to do in that speech? I don't know how much -- it matters for journalists, we (inaudible), I don't know how much people are listening, but if he wants to really knock it out of the park, what is that speech supposed to be about?

MR. KIMENYI: If I had to say one word, well, I have been away, but America is still in the game. So, we are still involved in this continent, we care, and Africa wants to be engaged with -- America wants to be engaged with Africa.

I think that would be the broad message that you would try to be ahead.

MR. SCHNEIDMAN: And I would just add, I mean, one concept that would knock it out, I think, for most Americans, would be different, a clear statement that Africa is a continent of vast opportunity and that the U.S. needs to be a part of that for our own self-interests as well as to make

sure that that opportunity is fully realized.

MR. BHORAT: For me there are two key things, one is to recognize what the data is showing, that this is the final frontier, so to speak, and the U.S. is right there with Africans and willing to work with them productively, not just as a donor. I think that's the first thing. And the second thing is to recognize -- and we keep on coming back to this -- the heterogeneity in Africa.

You know, all African economies are not the same, right, a Tanzania is very different to a Mauritius, to a Madagascar, and to a Nigeria, and I think that recognition would almost get the kind of response from Africans that we -- you know, we're not seen as a homogeneous continent.

MR. SHEN: Thank you, everybody. I just want to let you know, we're going to have a transcript and an audio recording, so we'll send it out. It will probably be available tomorrow morning, maybe this afternoon, but we'll send it out so everybody can get it.

You can also email me and I will make sure  
to send it to you all. Thank you very much for  
joining.

\* \* \* \* \*

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