2015: A PIVOTAL YEAR FOR OBAMA'S AFRICA LEGACY

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THE PRIORITY

The legacy of the Obama administration in Africa is very much a work in progress. Several initiatives address genuine opportunities and concerns, yet other aspects of the U.S. agenda need sustained attention. The next 12 months will determine whether President Obama will fulfill the tremendous promise of his presidency as it concerns U.S. policy toward the continent.

Much to the disappointment of many in the United States and Africa, President Obama paid little attention to Africa during his first four years in office. In June 2012, the administration issued the "U.S. Strategy toward Sub-Saharan Africa," which developed a clear framework for engaging the region. Since then, the White House has put in place a series of initiatives to implement the strategy, which could provide a very positive legacy in Africa for Obama. Given the high expectations when he entered office, the relevance of President Obama's legacy will be defined by his ability to raise Africa as a priority on the U.S. foreign policy agenda, deepen commercial ties with the continent and forge effective partnerships with African nations to respond to the most pressing security challenges.

WHY IS IT IMPORTANT?

On a continent where more than two-thirds of the population is without electricity, **Power Africa**—a public-private partnership designed to make electricity available across the continent—has the potential to be truly transformative over time. The program involves 12 U.S. agencies and $7 billion in U.S. government commitments, in addition to another $20 billion in direct loans, guarantee facilities and equity investments from financial partners. In fact, in 2014, the president tripled the initiative's target from 10,000 MW to 30,000 MW of electricity generation capacity, and increased the number of households and businesses that will gain access to a reliable supply of electricity from 20 million to 60 million.

No administration has done more to move trade and investment to the forefront of U.S. engagement in Africa than the current one, though President Clinton's African Growth and Opportunity Act (AGOA) initially introduced trade as a key stimulus for economic development in the region. Whether it is President Obama's participation in two U.S.-Africa business fora in the space of 13 months (Tanzania in July 2013 and Washington in August 2014), or the private sector's role in Power Africa, **Feed the Future** and the **Young African Leaders Initiative**

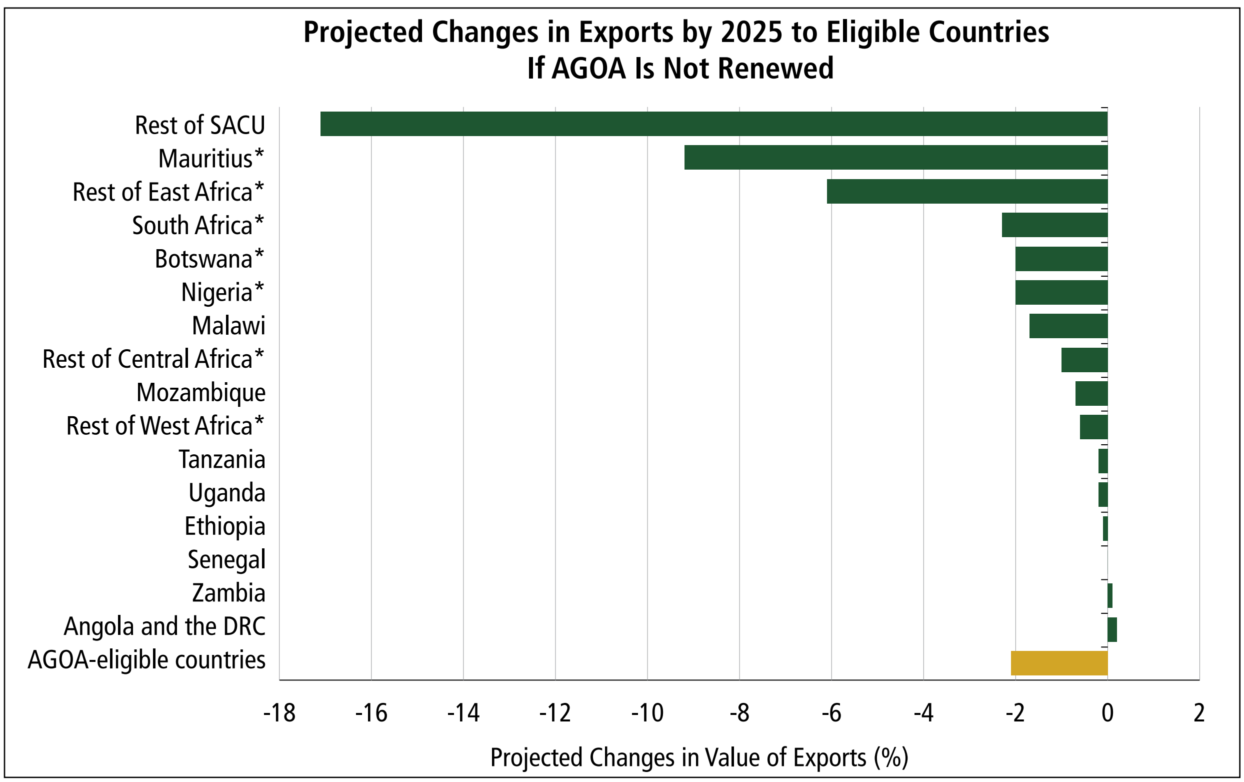
(YALI), Obama understands the critical importance of leveraging the power of commercial engagement to enhance the U.S. role in Africa.

For instance, both Feed the Future, President Obama's global food security initiative, and YALI, which provides intensive leadership training for young African leaders, rely on private sector support to operate. Feed the Future is leveraging over $10 billion in private sector investments (in partnership with the African Union Commission) to assist African countries in the implementation of their national food security strategies. The YALI program has received $38 million in funding from the U.S. Agency for International Development to build four regional leadership centers in Ghana, Kenya, Senegal and South Africa; these funds have been matched by investments of $70 million from U.S. and African companies.

At the same time, no issue is as important to U.S. commercial objectives on the continent as the extension of the **African Growth and Opportunity Act (AGOA)**. As the cornerstone of the U.S.-African commercial relationship, AGOA provides duty-free access to the U.S. market for 6,400 products from 40 countries. If AGOA is not extended in a timely manner in 2015, Obama's credibility in Africa would be severely diminished, and U.S.-African trade and investment relations would be weakened. However, if there is a 10- to 15-year extension of AGOA, trade and investment would be secure as a priority in U.S.-Africa relations for the foreseeable future. This would be a very welcome development for the long-term benefit of all.

The Obama administration, however, has expressed a desire not merely to extend AGOA

FIGURE 1



Note: * indicates initially AGOA-eligible middle-income countries (MICs) or regions inclusive of initially AGOA-eligible MICs. The rest of SACU includes Lesotho, Namibia and Swaziland. Information presented in this table was generated as part of a modeling exercise Brookings undertook with the United Nations Economic Commission for Africa (UNECA) in July 2013. For more see Mevel et al. 2013.

but to strengthen the legislation as well. In addition to calling for a "long-term" and "seamless" extension, including the third country fabric provision—which allows AGOA beneficiaries to source textile inputs such as yarns and fabrics from any other country (for example, India and China)—the White House expressed a desire to expand AGOA's product coverage by examining 316 tariff lines, mostly agricultural products, that might be included in the renewed legislation. Improving rules of origin and updating the AGOA eligibility criteria and review process were two other areas in which the administration expressed an interest to see AGOA strengthened.

Nevertheless, even if AGOA is extended in a timely manner, the administration's trade agenda in Africa could be frustrated on two fronts. U.S. Trade Representative Mike Froman sought to achieve a trade and investment agreement with the East African Community (EAC), one of the fastest growing regional markets on the continent. The administration does expect to sign a trade facilitation agreement on agricultural and industrial standards with the EAC in 2015 but it is unclear whether it will be a stepping stone to a more structured and binding agreement. Moreover, the U.S. now has **Trade and Investment Framework Agreements (TIFAs)** with 12 countries and regional organizations in sub-Saharan Africa and six **Bilateral Investment Treaties (BITs)**. Despite these positive developments, given that none of the BITs are with our largest trading partners (i.e., Nigeria, South Africa, Angola and Kenya) and the TIFAs are nonbinding, U.S. trade ties with Africa remain overly dependent on AGOA and policy dialogues.

In addition, the Economic Partnership Agreements (EPAs) of the European Union also threaten to impede the access of U.S. companies to the African market. The EPAs are reciprocal trade agreements that compel African governments to allow EU companies and

Trade and Investment Framework Agreements

Country/Partner	Year Entered Into Force
Angola	2009
Common Market for Eastern and Southern Africa (COMESA)	2001
Economic Community Of West African States (ECOWAS)	2014
East African Community (EAC)	2008
Ghana	1999
Liberia	2007
Mauritius	2006
Mozambique	2005
Nigeria	2000
Rwanda	2006
South Africa	2010
West African Economic and Monetary Union (WAEMU)	2002

Bilateral Investment Treaties

Country/Partner	Year Entered Into Force
Cameroon	1989
Democratic Republic of the Congo	1989
Republic of the Congo	1994
Mozambique	2005
Rwanda	2012
Senegal	1990

products preferential access to African markets. They have been roundly criticized for undermining intra-regional and U.S-African trade by granting European companies advantages over even their African counterparts within regional markets. Meanwhile, AGOA is a non-reciprocal preference program designed to accelerate economic development in Africa. Unfortunately, AGOA and the EPAs are working at cross-purposes, to the detriment of Africa's development objectives and U.S. commercial interests. The administration's silence on the friction between EPAs and AGOA ensures that American companies, goods and services will be at a competitive disadvantage in the African market.

It is instructive to examine the impact of the EU-South African free trade agreement[1] that was signed in 1999. According to the National Trade Estimates of 2014, "U.S. exports face a disadvantage to EU goods in South Africa," (USTR 2014). This tariff disadvantage impacts U.S. firms in a range of sectors, including cosmetics, plastics, textiles, trucks, agricultural exports and agricultural machinery. It is a safe prediction that U.S. manufacturers will face a similar disadvantage over the next decade in the 33 countries in Africa that have initialed EPAs. By raising this issue in the context of the Trans-Atlantic Trade and Investment Partnership negotiations, and working to harmonize the EU and U.S. trade programs for Africa, Obama would do a great service for U.S. commercial interests and the prospects for regional integration in Africa.

The robust commercial engagement by Chinese private and state-owned companies across the continent further demonstrates the challenge faced by American companies establishing a presence on the continent. In 2009, China overtook the U.S. as Africa's largest trading partner. Two-way trade between China and Africa was $210 billion in 2013, and there are no signs that the commercial engagement is slowing (see Figure 2) (TRALAC 2014). In fact, 2014 was the first year in which Chinese outbound investment exceeded inbound foreign direct investment. In November, China's premier, Li Keqiang, announced a 10-point plan for financial reform, which includes a pledge to use China's vast foreign reserves for "the development of an overseas market for Chinese high-end equipment and goods" (Kynge & Noble 2014). Engaging China for trilateral cooperation, rather than fierce competition, among U.S., African and Chinese companies could work for the better of all.

FIGURE 2

Source: TRALAC 2014.

[1] Formally known as the EU-South African Trade and Development Cooperation Agreement (TDCA).

In fact, President Obama has signaled his openness in this area. As he told *The Economist* (2014): "When I was in Africa, the question of China often came up, and my attitude was every country that sees investment opportunities and is willing to partner with African countries should be welcomed. The caution is to make sure that African governments negotiate a good deal with whoever they're partnering with. And that is true whether it's the United States; that's true whether it's China. And I do think that China has certain capacity, for example, to build infrastructure in Africa that's critical."

The U.S. will also need to step up support for American companies to help them become more successful in Africa.

One of the administration's signal triumphs in 2014 was the **U.S.-Africa Leaders' Summit**. Given the challenge of hosting 50 heads of state and their delegations in Washington, there was a great deal of uncertainty prior to the event. However, the genuine engagement by the president and the administration, the focused but relatively free-flowing structure of the event and the several thousand supporters who converged on Washington to participate in innumerable events with the visiting delegations, made the summit a truly unique experience. The administration announced $14 billion in new deals at the summit in an effort to emphasize its commitment to promote U.S. investment on the continent. These deals included investments in clean energy, aviation, banking and construction. The president must maintain this momentum for the summit to have a significant impact on the continent.

Africa's potential will not be achieved unless it can enhance security on the continent. To this end, the administration announced the **Security Governance Initiative** at the summit, a joint program between the U.S. and Ghana, Kenya, Mali, Niger, Nigeria and Tunisia. The goal of this program is to strengthen civilian and military institutions and the ministerial responsibilities that provide state oversight of the security sector. Responding to threats posed by groups like Boko Haram, al-Shabab and al-Qaida in the Islamic Maghreb (AQIM) is one of the goals of the program. (For more on security challenges facing the continent, see **"How the West Can Do More Militarily in Africa."**)

Nevertheless, the Obama administration needs to do more to rationalize and enhance the U.S. engagement in Africa's security challenges in 2015. In addition to the Security Governance Initiative, another security program, the **African Peacekeeping Rapid Response Partnership (or A-Prep)**, was launched at the U.S.-Africa Leaders' Summit. However, it appears that the U.S. security engagement in Africa lacks an overall strategic framework and, as a result, is made up of a series of loosely connected programs and initiatives that are successful to varying degrees. For example, U.S. support for the U.N.-AU force in Somalia, AMISOM, has been critical in pushing al-Shabab out of Mogadishu. At the same time, the U.S. has been helping Ugandans hunt for Joseph Kony for more than a decade, without success, although a number of his lieutenants have been removed. The unexpected overthrow of the Mali government in 2012 led by a U.S.-trained soldier, and the decision by the Nigerian government in December to halt U.S. training of its soldiers to fight Boko Haram suggests a need, at minimum, for the U.S. to review its strategic approach to responding to Africa's security challenges.

Finally, inevitably, the Obama legacy in Africa will be impacted significantly by the **U.S. response to the Ebola crisis**. The administration's initial response did not take place for nine months after the first cases were reported. For an administration that launched the Global Health Initiative in 2010 as a "comprehensive, whole-of-government approach to shape U.S. investments in global health," the delayed response was inexplicable. In September, Obama announced a scaled-up response, including the deployment of 3,000 troops and the construction of 17 Ebola treatment centers in Liberia to train 500 health care providers per week, among other steps. (For more on the Ebola crisis in Africa, see **"Fighting Ebola: A Strategy for Action."**)

By the end of December, it appeared that the administration had mounted an effective response to the crisis, especially in Liberia. Rebuilding the economies of the affected countries will be important and the U.S. should encourage an international response as occurred after the SARS epidemic (2003-2004), the earthquake in Haiti (2010), and the Sumatra-Andaman earthquake in Asia, which created the epic tsunami in Asia (2004).

WHAT SHOULD BE DONE IN 2015

President Obama needs to take several actions in 2015 to fully define his legacy in Africa. In fact, there are a number of areas in which he can fulfill the potential of his current term in office and also enhance the foundation of U.S.-African relations for many years to come. These include:

- Gaining passage in 2015 of the still-pending **Energize Africa Act** in the new Congress will ensure ongoing funding for Power Africa and that the initiative will exist after Obama leaves office.
- Similarly, the president must push to extend and strengthen AGOA. An enhanced, long-term AGOA, especially with an expansion of product coverage and a review of eligibility criteria, would ensure a new relevance for the legislation and impact very positively on Obama's legacy in Africa.
- The Obama administration should use the next two years to develop a new bipartisan and mutually beneficial framework for deepening commercial ties with Africa that is legally enforceable. A free trade agreement that takes into account the development challenges or "asymmetrical" realities that exist between the U.S. and Africa would be a good place to start.
- In addition, the U.S. could leverage its network of TIFAs to address private sector issues. With the launch of the three regional Trade and Investment Hubs and an expanded Commerce Department presence, the TIFAs could be useful vehicles for bringing U.S. and African officials together to help to advance U.S. commercial interests on the continent.
- The Obama administration should engage China in an effort to foster trilateral cooperation in specific areas among U.S., Chinese and African companies. Power Africa and Feed the Future could be useful vehicles for achieving this cooperation.
- An effective follow-up to the U.S.-Africa Leaders' Summit will be central to ensuring that the gains made in August are sustained. To this end, the president should convene an African Leaders Forum in Africa that would focus on the gains made by Power Africa, Feed the Future, the Young Africa Leaders Initiative and, hopefully, a renewed and strengthened AGOA. A third Obama visit to the continent would help ensure accountability for the commitments made at the 2014 summit and deepen the impact of the administration's key initiatives.
- President Obama should also address the African Union. Not only would it be historic but, as the first African-American president, it would have a special resonance for millions across the continent.
- In terms of security, the Secretary of Defense-designate, Ashton Carter, should

plan to meet with his African counterparts, perhaps initially on a regional basis. The U.S. meets at the ministerial level with energy, trade and finance officials but there has yet to be a similar dialogue on security issues. It is time to initiate this conversation.

The Obama legacy in Africa could be singularly significant but more work needs to be done to ensure its full potential is realized.

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