Remarks of Florie Liser

at

USITC Hearing on U.S. Trade and Investment with sub-Saharan Africa

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Introduction

- I am delighted to be here today for this important hearing on U.S. Trade and Investment with sub-Saharan Africa on behalf of the Corporate Council on Africa (CCA) and its member companies.
- CCA is the leading U.S. business association focused solely on connecting business interests in Africa.
- Established in 1993 to promote business and investment between the United States and the nations of Africa, CCA serves as a neutral, trusted intermediary connecting its member firms with the essential government and business leaders they need to do business and succeed in Africa.
- CCA uniquely represents a broad cross section of member companies from small and medium size businesses to multinationals as well as both U.S. and African firms. Our members are invested in Africa's most promising sectors including agribusiness, energy, finance, health, ICT, infrastructure, security, tourism and trade facilitation.
- We work closely with governments, multilateral groups and businesses to improve Africa's trade and investment climate and to raise the profile of Africa in the U.S. business community.
- With a still relatively new U.S. Administration as well as new presidents in key countries like Ghana, the Gambia, Kenya, Rwanda, Angola and Liberia, this is an important time to take stock of the U.S.-Africa trade and investment relationship, key developments, and to chart a path forward that will enhance that relationship.
- There are many opportunities that U.S. policy *should* address because we cannot afford to ignore the second fastest growing market in the world. Africa is undergoing the most rapid urbanization rate of any region - 1 billion people with 50% under the age of 20; and despite recent shocks and changes in the African market,

spending by Africa's consumers and businesses already totals $4 trillion.

- Africa is also more connected now than ever before as its internet usage has grown at a pace seven times faster than the global average.
- In addition to having 60% of the world's uncultivated arable land, the McKinsey Global Institute (MGI) projects that Africa could double its manufacturing output and we have already begun seeing more value-added agricultural and non-oil products entering global markets, including the United States.
- What this means for U.S. and African business is that there are incredible opportunities for greater and more diversified trade and investment.
- But we must also acknowledge that along with these great opportunities, there remain some challenges – consistent poverty and uneven benefits of economic growth, high unemployment, pockets of instability and concerns regarding the spread of terrorism and extreme radicalism in some hotspots on the continent.

Developments in U.S. Trade and Investment with Africa

- U.S. trade with Africa, including under AGOA, has experienced some ups and downs, significant peaks and valleys since AGOA's inception almost 20 years ago.
- But with nearly eight years remaining of AGOA (following the 10 year extension implemented in 2015), this is the longest and best opportunity to enhance and diversify U.S.-sub-Saharan trade, and to hopefully set our AGOA partners on a path towards long term competitiveness in the global trading system and to potentially becoming partners of the U.S. that go beyond AGOA's one-way unilateral trade benefits.
- As of the end of 2016, U.S. two-way goods trade with sub-Saharan Africa countries totaled $34 billion; U.S. exports to SSA countries were $13.6 billion, and U.S. goods imports from SSA totaled $20.1 billion – of which more than half ($10.6 billion) entered under AGOA

and its GSP provisions. AGOA non-oil imports in 2016 were $4.2 billion – some three times the amount in 2001 – the first full year of AGOA trade.

- While both U.S. and sub-Saharan African nations have experienced mutual benefits from trade and investment, Africa still remains a very small player in the U.S. market, the benefits of SSA duty-free access to the huge U.S. market under AGOA have not been fully realized, and the U.S. has fallen way behind China and others as a major trading partner of Africa.
- And on investment, U.S. FDI investment into Africa is rising rapidly, but at $33.4 billion (stock) in 2015 (latest data available), it constitutes less than 2% of all U.S. global FDI.

What's Needed and Why

- First why? Africa is a vibrant continent of 54 nations that is important to the U.S. economically, politically, socially, and strategically.
- According to the recently released National Security Strategy of the United States, "Africa contains many of the world's fastest growing economies, which represent potential new markets for U.S. goods and services."
- Many CCA member companies and others are convinced that the African market represents a unique opportunity for growth and expansion, and will play a critical role in their "bottom lines".
- Like lots of companies from countries all around the world – not just China, but Europe, Brazil, India, and others, Africa is an important growth market for U.S. companies.
- This is why we need to make sure that all institutions and initiatives that support greater U.S.-Africa trade and investment are fully operational and have the budgets needed to grow the U.S.-Africa economic relationship. USAID needs to have fully funded regional trade and investment hubs so that they can continue to support African governments and enterprises in taking advantage of AGOA, and U.S. businesses in making profitable investments. U.S. financing agencies – including OPIC, Eximbank, and TDA – need to be able to

provide the loans, do the feasibility work and plan reverse trade missions that benefit both U.S. and African companies and create jobs here in the U.S. as well as on the continent.

- We need the TACA, the PAC-DBIA, and other advisory groups to be strong and to have the active engagement of the U.S. Trade Representative, Secretary of Commerce, and the White House.
- Initiatives like Power Africa that have a multi-agency operating platform need to be supported and selectively expanded to other key sectors.
- In short, U.S. businesses want a level playing field in Africa – one in which they have the strong support and the tools often provided to their competitors in making and closing the deals that are readily available on the continent.

African Regional Integration: a U.S. business imperative

- Let me end by touching on an important issue – i.e., African regional economic integration.

- Through a range of initiatives, most importantly the Continental Free Trade Area (CFTA), Africans are clearly focused on promoting intra-African trade and reducing barriers to both regional and global trade.
- The United States should be actively and strongly supporting their efforts. We should, for example, ensure that there are sufficient funds invested in African implementation of the WTO Trade Facilitation Agreement (TFA) – not just to a few Africans but to the nearly 20 African countries that have acceded to the TFA.
- African regional integration is not only important for Africa, but for U.S. businesses seeking to trade with, do business, and invest in Africa. They want larger markets that create economies of scale and which justify investing in one country so that they can advance their business interests across an entire region.
- U.S. interests in establishing trade and investment relationship that go beyond AGOA should support African regional integration. There are probably a range of trade and investment initiatives (like TIFAs, BITs, and

Bilateral Business Dialogues) that could enhance the U.S. trade and investment relationship with select African nations. But if the USG decides to pursue FTAs with individual sub-Saharan African countries, it should take account of the commitments already made to regional customs unions and free trade areas. Work with so-called "champions" should be seen as an opportunity to support and expand regional integration not just for the sake of the Africans (of course), but also for the benefit of U.S. companies that will through larger African markets be able to support the growth of regional and global value chains that are an essential element of today's 21st century global trading system.

- Thank you for the opportunity to testify at today's hearing, and on behalf of CCA and its members as well as other stakeholders in the private sector, I look forward to further collaboration with the USG as it looks to enhance the U.S.-sub-Saharan Africa trade and investment relationship.