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REMARKS

**Secretary of State Hillary Rodham Clinton
At the 2010 AGOA Forum
On U.S.-Sub-Saharan Africa Trade and Economic Cooperation**

**August 3, 2010
The Ronald Reagan Building
Washington, D.C.**

SECRETARY CLINTON: Well, good afternoon, and thank you very much, Under Secretary Bob Hormats, for your introduction and for your leadership on these important issues. And it is a great personal pleasure for me to welcome all of you to Washington. Last year, I had the honor of addressing the eighth AGOA Forum in Nairobi, so I am pleased to have this opportunity to return the warm hospitality that I enjoyed, not just in Kenya, but across Africa on my most recent trip.

But I do have one piece of business that I want to get out of the way right at the top. When I was in Nairobi last year, a very nice man offered 40 goats and a number of cows for the chance to marry my daughter. (Laughter.) Now, apparently, he had made the same offer to my husband five years before. (Laughter.) But as of this weekend, I can now say with great certainty my daughter is officially off the market. (Laughter, applause.)

I must say that my trip across Africa last summer offered me an opportunity to meet with leaders and citizens from all walks of life. And for me, that visit was a really important turning point, because coming as it did on the heels of President Obama's very important speech in Ghana, it was a reaffirmation of this Administration's commitment to appreciate Africa even more fully in its promise and its potential for the future.

In Kenya, I met researchers developing seeds and agricultural techniques that could feed millions of hungry people. In South Africa, I visited a group of women who had been homeless when I first met them years before, but have now built a thriving community where there was once only a dusty patch of land for squatters. And in Liberia, I saw one-time adversaries sitting side-by-side in the parliament of a unified nation, working together for a better future.

In place after place, the hope and progress that I saw are, every day, sweeping away old stereotypes and offering the world a new view of Africa. In small villages and sprawling cities across that great and diverse continent, poverty, conflict, and corruption are giving a way to opportunity, stability, and democracy. For example, in the last 10 years, child mortality rates have declined while primary school enrollment has increased. More people have gained access to clean water and fewer have died in violent conflicts. More than 315 million people began

using mobile phones. And every day, 21st century technology is creating new opportunities and unlocking untapped potential.

Even after the global financial crisis, Africa's economy is expected to grow at a rate of 4.5 percent next year, faster than Latin America's, Central Asia's, Europe's, or the United States. All of these numbers tell the story of a continent on the rise. And this is a story that needs to be told. It needs to be shouted from the rooftops. Africa is open for business and ready to grow. (Applause.) As President Obama said in Ghana last year, this is a new moment of great promise.

Now, this progress is the result of the hard work, talent, and determination by people and governments across Africa. Last year alone, two-thirds of Sub-Saharan African nations implemented reforms to improve their business climates. More responsible fiscal policies coupled with increased political stability and rising productivity has spurred both growth and attracted investment. The AGOA partnership has helped a growing number of African businesses build on this success at home and reach new markets abroad. Major international corporations are opening new offices in African capitals and opening their eyes to the continent's investment potential.

But we all know, despite the best of intentions, AGOA has achieved only modest results and has not lived up to the highest hopes of a decade ago. We are working to increase trade with Africa in nonpetroleum goods, but there is a long way to go. Petroleum products still account for the vast majority of exports to the United States, and we have not yet seen the diversification of growth of exports that AGOA was expected to spur. So as we praise Africa's progress, we must at the same time be clear-eyed about the challenges that persist.

Last year, I met with refugees in the Democratic Republic of Congo, where a cycle of conflict has left millions of people dead and spawned an epidemic of sexual and gender-based violence. When I visited Nigeria, a country that is one of the world's leading suppliers of oil and gas, I heard from concerned citizens how more people are now living in poverty than were 10 years ago. Sub-Saharan Africa comprises 12 percent of the world's population, but accounts for less than 2 percent of global GDP. And on some millennium development goal targets, such as combating disease, Africa has actually lost ground in recent years.

These challenges are therefore real and they must be addressed if together, we're going to unlock Africa's vast potential. But to borrow an old phrase, there is nothing wrong with Africa that cannot be cured by what is right with Africa. And the United States is committed to being a friend and a partner in doing just that. We believe in Africa's promise and we are committed to Africa's future.

Under President Obama's leadership, the United States is taking a new approach in Africa rooted in partnership, not patronage. That means we are looking for sustainable strategies that help nations build capacity and take responsibility, that give people the tools they need to help themselves and their communities, that empower problem-solvers at the local and regional levels, be they entrepreneurs, NGOs, or governments themselves. We are also working to integrate our trade and development strategies with greater emphasis on bottom-up, locally driven solutions, fostering regional markets within Africa, boosting trade and aid effectiveness,

and working with partner governments to promote structural reforms and gradual market liberalization.

The Feed The Future Initiative is an example of the Obama Administration's new focus on local solutions and greater regional integration. It is a comprehensive effort to address the root causes of hunger and poverty by investing in country-led plans such as those in Rwanda and Ghana that are completing the African Union's comprehensive agriculture development program process. Regional integration makes it easier to shift food from areas that have a surplus to those with shortages, increasing availability and reducing volatility of prices. And greater regional market access for things like seeds, fertilizers, and crops also increases producers' incentives to make sustained investments in agricultural technologies.

So through Feed The Future, we are supporting efforts such as ECOWAS's regional agriculture development and food security investment plan, while working with you to streamline trade corridors in Western Africa. We will make additional investments in other country and regional plans that prioritize the expansion of intra-regional trade so these benefits can be more widely shared. We're also making major investments in our Global Health Initiative with an emphasis on women and girls because it is their health which has the biggest impact on families and communities. We're also emphasizing access to safe drinking water, sanitation, and hygiene to help save lives that are now being lost to preventable diseases.

The Feed The Future and Global Health Initiatives are being closely coordinated to optimize effective nutrition interventions and investments. Also, through mobile banking and other innovative initiatives, many of them pioneered by African entrepreneurs and activists, we are working to help more people in more places participate in the formal economy. We've taken new steps to support African entrepreneurs, a number of whom attended President Obama's Entrepreneurship Summit this spring in Washington.

We are pursuing Bilateral Investment Treaties, the so-called "BITs," which encourage market reforms and set conditions for continued growth. A treaty with Rwanda is pending before the United States Senate. Last year, I launched formal negotiations with Mauritius. And I am encouraged by our initial discussions with Gabon and several other countries. The success of Mozambique's BIT, which entered into force in 2005, demonstrates how effective these agreements can be for spurring reform and growing the economy. Mozambique passed new reforms protecting intellectual property rights, combating corruption, and making it easier to start new businesses and trade across their borders. While more needs to be done, the country has seen a significant growth in investments and exports as a result.

We believe AGOA can be a powerful engine for growth if its trade preferences are coupled with effective development programs and reforms that build the capacity for African businesses to succeed in international markets. I personally believe that the old debate between trade versus aid is out of date. We need both trade and aid, and particularly we need aid that supports trade. And the expansion of this conference demonstrates the broadening of our approach.

As Bob said, I just met with participants in the AGOA's Women's Entrepreneurship Program. These are talented, creative women who are leading businesses, making jobs available, seizing

economic opportunities. (Applause.) The State Department is sponsoring this program because we know from experience across the world that women-run small- and medium-sized enterprises that are in the formal economy provide a major boost to a country's GDP. Women can drive social and economic progress, and in the process, lift up themselves, their families, and their communities if they have the opportunity and the tools to participate.

Yet women too often still confront barriers that limit their participation in the economy and, therefore, deny their families, their countries of the benefits of those contributions. So we are working to help more women entrepreneurs participate in international markets and take advantage of AGOA's benefits. Thanks to a generous contribution from Exxon Mobil and their women's leadership program, many of the women who have been here today will receive follow-up training at home in their communities.

Earlier today I also visited with a remarkable group of young African leaders who are focused on shaping the future of a continent they will inherit. And many of you will soon travel to Kansas City for an unprecedented meeting of African and American investors, innovators, and entrepreneurs. We hope that these linkages and networks will help you create new trade and investment opportunities and speed greater trade diversification. Now, our relationship may have begun with trade preferences, but today, we are hoping that it grows into a deeper and more dynamic partnership. But even if we do deepen and grow our partnership, we know American assistance and investment can only go so far.

Ultimately, as President Obama said in Ghana, Africa's future belongs to Africans. Responsibility for capitalizing on the progress of recent years rests with those of you in this room, with the young people gathering across this town, and with an entire continent ready to step up and chart its own destiny.

AGOA was founded on the premise that export-driven growth would provide Africa with sustainable economic development and wider prosperity. Today, we still believe in the value of exports, but we better understand that the development of domestic and regional markets is a necessary prerequisite to taking full advantage of global opportunities. Many of Africa's major challenges – from inadequate infrastructure to political instability to corruption – also present opportunities for market-based solutions, creative partnerships, and responsible government action.

First, infrastructure: Africa's infrastructure investments were one of the largest factors in its economic growth of the last decade. But significant needs remain, which you know far better than I. Just 30 percent of the African road network is paved. Air travel is slow, and in many cases, impossible. It takes three times longer to fly from Dakar to Kinshasa than it does to fly from Dakar to Brussels, even though the distance is the same. And much of the continent still lacks sufficient access to electricity. If an outdated electric grid can't support a small business owner's laptop, it won't support a new factory or business center. Advancements in agriculture will mean little if there is no highway to bring crops to market or no port to export them.

Closing the infrastructure gap will be a heavy lift. But it is vital to Africa's long-term development. In Latin America, where there are similar challenges, we're developing an

initiative to create new sources of capital for this kind of long-term, growth-sustaining investment by leveraging the tens of billions of remittance dollars that flow into the region each year. If our pilot program on using remittances can be successful there, this model could help close the gap in Sub-Saharan Africa as well.

Second, political instability and inclusion: Over the next two years, more than two dozen African nations will hold elections. Now, we know very well that democracy is about more than elections; it's about institutions, the rule of law, human rights, and opportunity. But these elections are important markers for a continent that has seen too many young democracies fail to take root. They present opportunities to consolidate progress and attract investment if they are free, fair, and transparent. The economic success of Liberia underscores the benefits that can follow from political reconciliation, democratic reform, and social inclusion. And we stand ready to help governments and societies do the same.

Third, good governance: Businesses and investors in Africa are no different there than anywhere else in the world. They seek a clear and consistent regulatory environment, a transparent and even-handed judicial system. Businesses need to know what the laws are and how they are interpreted and enforced. Corruption costs Africa an estimated \$150 billion a year. It scares away investment, stifles innovation, and slows trade. The exploitation of Africa's mineral and energy wealth continues to be a particularly persistent source of corruption, which is why the United States is supporting the World Bank's Extractive Industries Transparency Initiative and why the United States is taking a strong stand on conflict minerals.

But the problem goes far beyond natural resources. Every time an entrepreneur is forced to pay a bribe to start a business or ship goods across a border or open a new facility, economic progress shudders. As President Obama has said, Africa does not need strong men; it needs strong institutions. We have seen all over the world how vital the rule of law is to maintaining a successful market, attracting investment, and promoting sustainable development.

Intellectual property enforcement is just one example. These protections give international firms confidence in the market, but they also help local African producers build their brands and prepare to participate in the global economy. The United States is stepping up on our use of on-the-ground training and public outreach programs in several African countries to create and promote domestic IP laws and enforcement. And we are actively supporting NGO initiatives like the "African IP Trust," which helps African farmers and businesses bring their goods to market as unique brands so they fetch better prices, which in turn increases their income. This program has already helped double incomes for rural coffee growers in Ethiopia.

Responsible and responsive governance is impossible without functioning tax systems, so we are working with the Organization for Economic Cooperation and Development to help Sub-Saharan African countries build more effective and transparent revenue collection systems.

At the meeting of the Community of Democracies last month in Poland, I spoke about the role of a vibrant civil society in sustaining democracy and promoting good governance. Civil society is also essential to sustainable development. African business leaders in particular have a responsibility and an interest in holding governments accountable, speaking up for transparency,

for the rule of law, equal administration of justice – for the conditions that promote entrepreneurship, investment and growth.

And finally, let me talk about a fourth area that I mentioned last year in Nairobi that I think holds such tremendous potential: regional integration. Regional integration has gotten too little attention within the AGOA framework, but I think it should be at the top of our shared agenda.

Today, the nations of Africa trade with each other less than any region of the world. High tariffs – on average 50 percent higher than those of comparable countries in Latin America or Asia – border officials who demand bribes for permitting goods and people to cross, cumbersome customs procedures, inadequate infrastructure all hamper trade among African countries. It takes about a day and a half to clear exports out of Namibia but then it takes an additional 29 days for them to enter neighboring Angola. The lack of regional economic integration compounds the weaknesses of individual African markets instead of consolidating their strengths. And it prevents African businesses from building the foundations they need to fully and effectively participate in global trade.

For landlocked nations, regional integration can provide access to ports, lowering costs and opening markets. And for all countries, integration offers a chance to share the cost of developing new infrastructure and achieving economies of scale. One example is the underground fiber-optic cable running along the coast of East Africa, which holds the promise of affordable internet access for millions of people.

We can see the benefits of greater regional integration in the progress and potential of the East African Community, which brings together the 127 million people of Kenya, Tanzania, Uganda, Rwanda, and Burundi and their combined GDP of \$73 billion. In 2005, these nations launched a customs union and last month they declared a common market. The East African Community eliminated or reduced tariffs on goods traded within the community, made it easier for workers and companies to do business in any of their countries, and created institutions to implement policies uniformly across the region.

And look at the results already: Trade between East African Community nations has increased by nearly 50 percent since the customs union was established. Investment and foreign trade has followed. Between 2008 and 2009, trade between the East African Community and America rose by more than 13 percent.

Now there certainly is more work to be done, but the United States believes in the potential of regional integration, like the East African Community, and we are committed to supporting it. We signed a Trade and Investment Framework Agreement with the Community in 2008. And this spring, we became the first nation to accredit an ambassador to the community. And later this year we will launch a new technical assistance program. We are working together with East African Community nations on improving aviation security and infrastructure development, addressing piracy in the West Indian Ocean, and ensuring that the benefits of economic integration translated into broad-based prosperity for the people. Because ultimately, success must be measured in the results people see in their daily lives.

Sub-Saharan Africa has some 14 regional trade or cooperation agreements, many of them overlapping and not all as successful as the East African Community. Let's work together to bring coherence to this patchwork. Let's promote the institutions that work. Let's share best practices. Let's be sure that we are maximizing what is closest to home – markets that are only going to get bigger if they are nurtured and given the chance to grow.

And the continent has achieved progress in recent years toward building a regional security and political architecture. The African Union has developed into a pillar of regional cooperation and a number of sub-regional organizations, such as ECOWAS, are playing crucial roles in peacekeeping, democracy promotion, conflict resolution, and now food security. We've committed at least \$15 million to ECOWAS's regional food security plan and we're working on a wide range of other problem-solving regional efforts. But now is the time to extend this progress to economic cooperation. And we invite you to give us your ideas. How can we take this issue this year and make progress together?

As you know, I've had the privilege of traveling quite a lot on behalf of my country. But one trip I was not able to make this year was to the World Cup in South Africa. But somehow, both the Vice President and my husband found the opportunity to attend. (Laughter.) Bill even extended his stay because it was so exciting. And as I was glued to my television set watching it, I was thrilled by what I saw. There was so much confidence, competence, dynamism, diversity – so much hope, so much potential. You could see it on the faces of so many of the people, and I saw it again in the faces of the young African leaders here today in this city.

Everyone understands that opportunity and responsibility go hand-in-hand. That tomorrow's future depends upon today's choices. The United States can and will be a partner. We're here for the good times and the bad. We want to work toward the day when every child born in Africa has the opportunity to live up to his or her God-given potential. That is our goal and that is our pledge.

So we are grateful that you are here with us. Because you obviously believe in that better future and see AGOA as a tool. We want to take that tool and break new ground together. Thank you for helping to make the tough choices that are growing your economies. Thank you for working not only for your community and your country's future, but for Africa's future. And please know that the United States and President Obama and I are eager and anxious to make this journey with you. Let's help each other make Africa all that it can be as we re-launch and re-imagine what AGOA can be. And as we take part in not only this conference but in the work that lies ahead. Thank you all so very, very much. (Applause.)

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