Under Secretary Hormats' Remarks on "Global Trade Partners in the 21st Century"

- I am delighted to be in South Africa again. I visited last fall with Secretary of State Hillary Clinton.

  What was most striking then, and continues to be the case today, is the extent to which the image of Africa has changed.

- According to the IMF, growth in sub-Saharan Africa will surge to 6.1% next year, well ahead of the global average of 4%.

  Africa is booming in nearly every sector, ranging from massive energy developments in Mozambique, Tanzania, Ghana, and other countries; to the growth of Rwanda and Kenya's information and communications technology sectors; to South Africa's thriving auto industry.

  And, though far from declaring victory, Africa is reaching a turning point in its hard-fought battles against poverty and corruption.

- Today's Africa looks nothing like what, in 2000, The Economist referred to as the "Hopeless Continent."

  It is critical that we concentrate the world's eyes on the new image of Africa, that of progress and promise.
  Perspectives are evolving—in 2011, The Economist referred to Africa as the "Rising Continent" and, last March, as the "Hopeful Continent."

- Trade is at the heart of Africa's economic resurgence.

  So, in this context, I will speak first about America's vision for global trade in the 21st century and then, focus on implications and, indeed, opportunities for Africa.

- America's global trade agenda in the 21st century is shaped by a foundation laid, in large part, in the mid-20th century.

  After World War II, American and European policymakers worked together to build a set of international institutions that embodied democratic and free market principles.

  The GATT—which led to the WTO—World Bank, IMF, and the OECD were designed to foster international economic cooperation.

These institutions were vital to the economic prosperity of the United States, and to the success of America's foreign policy and national security for the next three generations.

- As we move into the 21st century, a new multi-polar global economy has surfaced.

  The emergence of a new group of economic powerhouses—Brazil, Russia, India, and China, of course, but also countries in Africa—has created momentum (if not necessity) for greater inclusiveness in the global trading system.

  At the same time, these new players must assume responsibilities for the international economic system commensurate with the increasing benefits they derive from the global economy.

  In addition to the geography of international trade, the nature of trade and investment has evolved to include previously unimaginable issues such as e-commerce and sustainability.

- So, part of our vision for trade in the 21st century is to build a system that is more inclusive, recognizes the new realities of economic interdependence, and matches increased participation in the global trading system with increased responsibility for the global trading system.

- We are making progress with bringing new players into the global trading system as equal partners. Free Trade Agreements with Korea, Colombia, and Panama entered into force last year.

  And, we are continuing negotiations on the Trans-Pacific Partnership—or TPP as it is more widely known. With Japan's anticipated entry into the negotiations, TPP will grow to include 12 countries of different size, background, and levels of development.
  The agreement, when finalized, will encompass nearly 40% of global GDP and one-third of global trade.

- In addition to TPP, we are embarking on a Transatlantic Trade and Investment Partnership with the European Union. TTIP—as it is being called—will strengthen economic ties between the United States and Europe, and enhance our ability to build stronger relationships with emerging economies in Asia, Africa, and other parts of the world.

- TPP and TTIP are truly historic undertakings. Our objective is not only to strengthen economic ties with the Asia-Pacific and Europe, but also to pioneer approaches to trade and investment issues that have grown in importance in recent years.
  These agreements will seek to break new ground by addressing a multitude of heretofore unaddressed non-tariff barriers, setting the stage for convergence on key standards and regulations, and establishing high quality norms and practices that can spread to other markets.

TPP, for example, will raise standards on investment and electronic commerce, and afford protections for labor and the environment.

· Our agenda also includes strengthening the multilateral trading system through the World Trade Organization.

For example, the United States would like to see a multilateral Trade Facilitation Agreement, which would commit WTO Members to expedite the movement, release, and clearance of goods, and improve cooperation on customs matters.

A Trade Facilitation Agreement would be a win-win for all parties—Africa especially.

· Cross-border trade in Africa is hindered by what the World Bank calls "Thick Borders." According to the latest Doing Business Report, it takes up to 35 days to clear exports and 44 days to clear imports in Africa.

Clearing goods in OECD countries, in contrast, takes only 10 days on average and costs nearly half as much.

· Countries like Ghana and Rwanda have benefited tremendously from the introduction of trade facilitation tools and policies.

Ghana, for instance, introduced reforms in 2003 that decreased the cost and time of trading across borders by 60%, and increased customs revenue by 50%.

A multilateral Trade Facilitation Agreement will create a glide path for increased trade with and within Africa.

· Our views for 21st century global trade partnerships go beyond Europe and the Asia-Pacific, and efforts at the WTO. We are committed to supporting Africa's integration into the global trading system.

· The cornerstone of our trade relationship with sub-Saharan Africa is the African Growth and Opportunity Act—known as AGOA.

Of all of our trade preference programs, AGOA provides the most liberal trade access to the U.S. market.

· Exports from Africa to the United States under the AGOA have grown to $34.9 billion in 2012.

While oil and gas still represent a large portion of Africa's exports, it is important to recognize that non-petroleum exports under AGOA have tripled to nearly $5 billion since 2001, when AGOA went into effect.

And, compared to a decade ago, more than twice the number of eligible countries are exporting non-petroleum goods under AGOA.

- South Africa, in particular, has made great strides in diversifying its exports to the United States.

  Thanks to AGOA, the United States is now South Africa's main export market for passenger cars, representing more than 50% of exported value in 2012.

- Because AGOA is such an important mechanism for African countries to gain access to the U.S. market, the Administration is committed to working with Congress on an early, seamless renewal of AGOA.

- Our trade relationship with Africa goes beyond AGOA. For instance, AGOA represents only one-quarter of South African exports to the United States.

  The composition of South Africa's exports to the United States, moreover, reflects complex interdependencies and industrial goods.

- And our trade relationship with Africa is not just about one-way trade. There is an immense opportunity for U.S. companies to do business on the continent.

  We recently launched the "Doing Business in Africa Campaign" to help American businesses identify and seize upon trade and investment opportunities in Africa.
  The campaign was announced in Johannesburg, in part, because South Africa can play a prominent role in directing U.S. investment into other parts of the continent.

- Although progress has been made on diversifying exports beyond energy, there is much more to be done.

  African ingenuity and entrepreneurship must be unleashed to drive innovation and growth throughout the continent.

  This requires closer integration to share ideas, transfer knowledge, and partner on solutions.

- Through AGOA and the "Doing Business in Africa Campaign", we are promoting a business climate in Africa that enables and encourages trade and investment. However, realizing these goals is goes beyond trade preferences and commercial linkages.

  Africa is also featured in America's vision for global trade in the 21st century.

- For example, we recently launched the U.S.-East African Community Trade and Investment Partnership—the first of its kind—to expand two-way trade and investment.

The Partnership is designed to build confidence among the private sector by building a more open and predictable business climate in East Africa.

We are considering a variety of mechanisms to accomplish this, including a regional investment treaty and trade facilitation agreement.

The Partnership highlights our desire to help Africa integrate and compete in today's global economy.

- I will conclude with one final point. I began by saying that trade is at the heart of Africa's economic resurgence. Trade is also at the heart of America's economic recovery.

  We have a common interest and a common goal.

  When it comes to enhanced trade, what is good for Africa is good for America.

  And what is good for America is good for Africa.

- Thank you.

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