

Testimony of Under Secretary for International Trade Francisco J. Sánchez
Before the Senate Committee on Foreign Relations
Subcommittee on African Affairs
“Economic Statecraft: Increasing American Jobs through
Greater U.S.-Africa Trade and Investment”
July 25, 2012

Introduction

Chairman Coons, Ranking Member Isakson, and members of the Subcommittee, thank you for the opportunity to speak before you today about the Department of Commerce’s work to help U.S. businesses succeed in Sub-Saharan Africa. I would also like to thank the Chairman and ranking member for their personal leadership on Africa and the Committee’s work to continue to move the agenda forward in areas such as the African Growth and Opportunity Act (AGOA).

U.S. Exports Lead to Jobs and Opportunities

Two years ago, President Obama launched the National Export Initiative with an ambitious goal of doubling U.S. exports by the end of 2014. At the Department of Commerce, we work every day to help make this effort a success. Whenever more American goods and services reach more markets and more customers, it strengthens American businesses. And stronger businesses result in more American jobs.

In 2011, U.S. exports reached \$2.1 trillion in total value, an all-time record. These exports supported 9.7 million jobs, an increase of 1.2 million compared to 2009. As these numbers demonstrate, boosting U.S. exports is making an impact on families, businesses and communities.

The President’s Strategy

On June 14, 2012, the President announced a new U.S. Strategy for Sub-Saharan Africa, which expands our efforts to increase economic growth, trade, and investment on the continent. The new strategy elevates our commercial relationship with sub-Saharan Africa by calling for: an increased focus on expanding trade and investment; improving economic governance; promoting regional integration; expanding African capacity to effectively access and benefit from global markets; and encouraging U.S. companies to trade with and invest in Africa

Restructuring of U.S. and Foreign Commercial Staff

In fulfilling the mission of the National Export Initiative, the U.S. and Foreign Commercial Service has repositioned its resources towards priority markets to strengthen its presence and to better meet the growing demand for Commercial Service services. The repositioning plan places approximately 169 officers and over 700 locally employed staff in 72 countries worldwide – representing 94 percent of the worldwide market for U.S. exports.

These reallocations were not made lightly and were based on a thorough and independent review of priority markets and U.S. and Foreign Commercial Service resources.

Build up of South Africa and Partner Posts with State Department

The Commercial Service seeks to maintain a strong and balanced strategic presence while utilizing our resources efficiently.

We have reallocated staff to priority countries, like South Africa, and many of our country offices are now managing regionally-based clients. The Commercial Service's sub-Saharan strategy is based on maintaining a strong and balanced strategic presence in western Africa through our post in Nigeria, eastern Africa through our post in Kenya, and southern Africa through our post in South Africa.

In Ghana, our current officer's term has just expired and while we do not plan to fill the officer position, we are adding a second local hire employee to service U.S. commercial interests. The office in Ghana will be supervised by our Nigerian office, where we plan to fill a vacant subordinate officer position in Lagos.

Our Partnership Post Program with the State Department, facilitated by our posts in South Africa and Kenya, remains an important component of our strategy and our efforts to leverage resources across the federal government.

The Partnership Post Program operates in 25 countries within sub-Saharan Africa where there is not a physical Commercial Service presence. In these countries, State Department economic sections provide U.S. companies with export assistance in select overseas locations that have significant commercial potential. Assistance includes access to Commercial Service branded services, staff training, and linkages to Department programs such as the International Buyer Program and the Advocacy Center. These partner posts work in close collaboration with the neighboring Commercial Service post in their region and with our domestic offices to provide U.S. companies with strategies for market-entry.

The Potential in Sub-Saharan Africa

Sub-Saharan Africa is a region rich with emerging opportunities and challenges for U.S. exporters, especially within a number of sectors, including healthcare technologies; agricultural equipment; power generation, renewable energy and clean technologies, and aviation.

Health Care: There is a growing need for healthcare equipment, services and materials as the region expands its private healthcare infrastructure. In addition to providing care to a large population in need, there is also a growing medical tourism market.

Agricultural Equipment: Despite rapidly growing economies and populations, many countries in sub-Saharan Africa have considerable untapped or underutilized agricultural potential. Opportunities exist for U.S. exporters of equipment used for harvesting, planting, irrigating, transporting, and storing seeds, fertilizers and other inputs.

Power Generation/Renewable Energy/Clean Tech: The rapidly growing economies of sub-Saharan Africa are driving demand for power. Due to the poor state of electrical infrastructure, plans for massive investments are occurring throughout the region. Opportunities exist in solar, wind, hydro, biomass and clean coal generation technologies, power transmission, and a wide range of energy efficient technologies.

Aviation: To meet the demands of rapid economic growth, airlines in the region are upgrading and expanding, creating opportunities for aircraft, services and supplies. Militaries in South Africa, Nigeria and elsewhere are considering purchases of airlift, maritime patrol, surveillance aircraft, and other assets primarily for peacekeeping, humanitarian relief, anti piracy, and border patrol missions. The U.S. Commercial Service in South Africa is organizing a USA pavilion and other activities in support of U.S. exports at the Africa Aerospace and Defense exhibition in Pretoria, South Africa September 18-21.

Meeting the Challenges to Doing Business

While we are encouraged by these new market opportunities, we are mindful of the challenges facing U.S. companies with respect to intellectual property rights protection, rule of law, corruption, and Chinese competition. Commerce is actively engaged in projects and initiatives to address the challenges to the business climate. For example:

We are integrally involved in developing the “Doing Business in Africa” campaign, as called for in the U.S. Strategy Toward Sub-Saharan Africa. Commerce, through its chairmanship of the Trade Promotion Coordinating Committee (TPCC), will be developing this campaign with the 20 agencies that are members of the TPCC. The campaign includes a special focus on outreach to the African diaspora communities in the United States, making them aware of federal assistance programs for doing business on the continent.

Additionally, we are focusing on intellectual property concerns and helping create guidelines for the region. The Commercial Law Development Program is structuring regional IP guidelines and hosting workshops to train government officials on IP protection and enforcement.

We are also taking steps to establish a United States-East African Community Commercial Dialogue, as part of the Administration’s new U.S. EAC trade and investment partnership initiative. The Commercial Dialogue is an informal consultative mechanism through which the United States and the EAC Secretariat, will, among other activities, aim to create business opportunities in key sectors through targeted trade and investment promotion activities.

With trade missions scheduled in the upcoming months, we are taking U.S. businesses to sub-Saharan Africa to learn more about potential investment opportunities. In September, the Department will lead an Aerospace Trade Mission, which will include participation in the Africa Aerospace and Defense 2012 exhibition in Pretoria, South Africa. In November, the Department will lead a multi-sector mission to South Africa and Zambia.

We are advocating on behalf of U.S. companies and helping U.S. exporters win business in Africa. So far in 2012, the Advocacy Center has worked with U.S. companies seeking to sell jet engines to Kenya Airways and mobile power plants to Angola, among others. The Advocacy Center's efforts have helped U.S. companies win bids that will directly support U.S. jobs in states like California, Connecticut, New York, Ohio, Pennsylvania, Florida and Texas.

Linking U.S. Businesses with Buyers Overseas and Attracting Investment Back Home

To help American businesses make the most of these opportunities, our Commercial Service staff stands ready to link American goods and services with buyers overseas.

Our talented workforce has in-depth knowledge about the export process, markets and sectors. Entrepreneurs can call our offices, or consult our website, and we'll help them succeed in the global marketplace. For example, our office in Savannah, GA, helped the Georgia-based Kelley Manufacturing Company sell \$800,000 worth of peanut harvesting equipment to a company in Mali. Our Chicago, Illinois office's counseling of Chicago-based Lanco Trading & Investment Company led to the company finding three buyers in Nigeria totaling \$204,000 worth of sales.

Conclusion

In closing, the Commerce Department and the Administration are committed to working with our partners in sub-Saharan Africa and to helping U.S. businesses to increase exports to sub-Saharan Africa. This commitment is evident at the highest levels. Deputy National Security Adviser Michael Froman and Assistant Secretary of Commerce for Market Access and Compliance Michael Camuñez just returned from a trip to Africa, and earlier today I came from the Trade

Promotion Coordinating Committee meeting where Africa was one of the items on the agenda. It is apparent that there are many opportunities for us to work together on trade and development issues.

But I would be remiss if I didn't mention one seemingly technical issue – the third-country fabric provision of the African Growth and Opportunity Act (AGOA) which could directly impact jobs here in the U.S. and Africa.

I am pleased the Senate Finance Committee reported out an extension to renew the third-country fabric provision of AGOA, which expires on September 30. I urge the Senate to pass this legislation soon. The third country fabric provision is critical to the continued survival of Africa's textile and apparel industry. Without renewal, hundreds of thousands of women and small business owners in AGOA-eligible countries will likely lose their jobs.

I look forward to working with the members of this committee to strengthen the economic ties between the U.S. and sub-Saharan Africa, as well as to help American businesses succeed in sub-Saharan Africa, both today and for years to come.

Thank you again for your leadership.