

“U.S. Trade and Investment in Africa”

I would like to thank the Subcommittee on Africa and Global Health Policy for the invitation to speak today at this important hearing. I am Florie Liser, the President and CEO of the Corporate Council on Africa, which is the only U.S. trade association solely focused on expanding trade and investment between the United States and Africa.

This hearing is perfectly timed. Today, CCA concluded the second of three days of this year’s U.S.-Africa Business Summit. Although we are holding it virtually this year, the Summit annually gathers U.S. and African leaders from government and business to discuss the most important opportunities and issues. The theme of this year’s Summit is “New Pathways to a Stronger U.S.-Africa Economic Partnership,” and sessions at the Summit have just covered a number of important themes you target in this hearing.

This is the right time to reassess our economic relationship with Africa. The short version of my conclusion is that:

- The United States and American companies are not taking advantage of all of the opportunities we could be in terms of what Africa offers, while our competitors are doing a much better job.
- In the next ten to twenty years, Africa’s importance to world markets will grow significantly in many of the sectors that drive American prosperity, including ICT, energy, finance, infrastructure and health.
- The Covid pandemic has accelerated existing African efforts to change the continent’s narrative. As they look to build back better, African countries are doubling down on integrating their economies, accelerating digitalization efforts, better linking up with shifting global supply chains and improving their health security as well as their overall economic prosperity by increasing manufacturing of health as well as many other products on the continent. And they are looking to the private sector to lead the way in each of these cases.

In sum, African governments and companies have made it crystal clear that they intend to build a better Africa that is much more competitive, and better integrated into global supply chains. They have also made it clear that the United States and American companies are very welcome – often preferred – partners. How should we respond?

The U.S. Government and Congress can help by providing some public guidance on what kind of long-term relationship we have in mind. Since its enactment in 2000, AGOA has been the cornerstone of U.S. economic policy towards Africa; it is now set to expire in 2025. Africa has become much more sophisticated, and better integrated globally since 2000. Africa is now in the process of completing the first phase of creating the world’s biggest unified market through the African Continental Free Trade Agreement, or AfCFTA. Far beyond just lowering tariffs, it has set up an innovative mechanism to resolve trade disputes and resolve non-tariff barriers to trade, as well as establish a payments network and adopt common standards and regulations.

The United States would best serve its own interests by recognizing the progress Africa has made and putting in place policies that will allow our companies to mutually grow the U.S. and African economies along the lines outlined above. We should adopt a much more nuanced policy and multi-faceted

approach that recognizes that there is no 'one size fits all' approach to Africa – that accepts that unilateral preferences for certain African nations should continue under AGOA while we go beyond AGOA in developing mutually beneficial, reciprocal agreements (FTAs), and support the AfCFTA's implementation and ensure its success.

The Biden Administration has helpfully reiterated U.S. support for AfCFTA. This should be a critical component for U.S. economic engagement with Africa, and nothing we do should undermine this important African process. Indeed, to the extent that we can support African governments creating the kinds of trade and investment provisions under AfCFTA that will allow U.S. companies to thrive, it is in our interest to support Phase II negotiations on chapters like digital services and standards. The U.S. Government should make more experts from the technical U.S. agencies available immediately to consult and offer lessons learned from our experience. Greater engagement with select U.S. regulatory agencies will also pay huge dividends as African governments grapple with how to handle technical, but crucial issues, particularly in the digital space.

On AGOA, the goal should be to help the countries which have yet to benefit from this important duty-free access to the U.S. market.

And there is no conflict in doing these while at the same time continuing the U.S.-Kenya FTA discussions, and establishing a template or model for trade agreements with Africa that go beyond AGOA and mutually benefit our companies and workers. The USG has the opportunity to negotiate a trade agreement that doesn't merely adopt the U.S. "gold standard" FTA provisions, but is open to an FTA model that makes sense for the U.S. and its African partners. . Such a model would cover more than just goods trade to include services, digital trade, and other areas that are critical to 21st century trade, and would highlight what kind of transition periods that may be necessary, and will help both sides think through how to integrate bilateral trade and investment provisions with existing African Regional Economic Communities and the AfCFTA. For other African countries, our best approach may well be to consider extending AGOA provisions broadly or for specific sectors, like textiles and apparel, although we should do so in a way that reinforces regional economic integration and value chains, while also not eroding African competitive access to the U.S. market.

There is an urgency about this, as several of our competitors are ahead of us in terms of developing their potential for two-way trade and investment with Africa. Europe, in particular, has concluded Economic Partnership Agreements with most of the continent, including Regional Economic Communities. Kenya has very recently concluded a trade agreement with the UK and other Africans are in the process of doing the same. And the advanced of African countries (like Mauritius) have concluded reciprocal trade agreements with a range of countries including China, the European Union, EFTA, and Mercosur countries. The faster we can raise our profile and increase our engagement, the better.

We also need to get more allies involved. Specifically, the U.S. Government could best amplify its efforts by engaging more trade associations and private sector groups, both to make them aware of the opportunities, and to engage them in trade negotiations and discussions with our African partners. Prosper Africa is an admirable initiative to raise the USG profile and to more effectively support U.S. companies who are competing against companies from all around the world (not just China) who have the full support of their governments in helping them be competitive in Africa's growing markets. Beyond Prosper Africa and the President's Advisory Committee on Africa (PAC-DBIA), the U.S. Government can do more to level the playing field and support more U.S.-Africa commercial deals...

We should also keep in mind that these discussions are taking place against the backdrop of Africa's pressing fight to combat the COVID pandemic. African officials never again want to be at the end of supply chains that can fail, leaving their populations vulnerable. They are determined to partner with private sector firms to increase investments in vaccines, their various inputs and PPE. Their preferred partners would be American, but they are intent on moving quickly with whichever companies will respond. DFC has announced some very helpful investments and grants. CCA is pleased to share that we have established our U.S.-Africa Health Security Resilience Initiative, which was specifically designed to help identify gaps and areas where the private sector can help deliver better health outcomes while saving limited resources, and building a much bigger market. This is the kind of proactive initiative that can help raise the U.S. profile in health and beyond.

One of the aspects of the U.S. response to COVID that African leaders have singled out approvingly is the provision of the Advanced Market Purchase for vaccines. The G20 is already looking at whether some version of this can be applied to setting up a fund to minimize the impact of future pandemics and/or support current commercial investments to bolster the base line of health systems. Congress might usefully consider whether that kind of mechanism could be applied in other priority areas, including energy, infrastructure, and agriculture. This could be combined with the very important efforts of creating mechanisms to reallocate the \$650 billion in additional IMF Special Drawing Rights that have been critical to address the economic impact of COVID beyond health.

CCA looks forward to the opportunity to work with the Members here today and many others – both Senate and House and on both sides of the aisle – to develop the kind of multi-faceted approach that will grow and enhance the U.S.-Africa economic relationship.

Thanks for the opportunity to speak to you today at this hearing and I look forward to answering any questions.