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3 HEARING ON U.S. - AFRICA TRADE RELATIONS: CREATING A PLATFORM

4 FOR ECONOMIC GROWTH

5 WEDNESDAY, JUNE 24, 2009

6 House of Representatives,

7 Subcommittee on Africa and Global Health

8 Committee on Foreign Affairs

9 joint with the

10 Subcommittee on Commerce, Trade, and Consumer Protection

11 Committee on Energy and Commerce

12 Washington, D.C.

13 The subcommittees met, pursuant to call, at 3:35 p.m.,  
14 in Room 2322 of the Rayburn House Office Building, Hon. Bobby  
15 Rush [Chairman of the Subcommittee on Commerce, Trade, and  
16 Consumer Protection] presiding.

17 Present from the Subcommittee on Africa and Global  
18 Health: Representatives Payne, Woolsey, Watson, Lee, and

19 Smith.

20 Present from the Subcommittee on Commerce, Trade, and

21 Consumer Protection: Representatives Rush and Radanovich.

|

22           Mr. {Payne.} [Presiding] We will bring this delayed  
23 hearing to order. This is a hearing of the Subcommittee on  
24 Africa and Global Health and the Subcommittee on Commerce,  
25 Trade, and Consumer Protection. Chairman Rush hopefully will  
26 be here soon. Our votes have just ended temporarily. This  
27 is abnormal, but for the last several days, there have been  
28 political procedural votes being done by the opposition. And  
29 its purpose to delay and disrupt the workings of the House.  
30 So I apologize. It is something beyond our control. A  
31 member can call for a vote to adjourn any time they want to,  
32 and that is what has been happening.

33           So at this time, I will not make any opening statement.  
34 We will move right to the first panel, panel one. We have  
35 our Assistant U.S. Trade Representative for Africa, Ms.  
36 Liser; our acting Director of the U.S. Trade and Development  
37 Agency, Ms. Zak; and the Deputy Assistant Secretary, Africa,  
38 Middle East, and South Asia, International Trade  
39 Administration, Ms. Vineyard.

40           We will begin. I won't take time to read the  
41 background. Normally we do that in our committee, but  
42 because of the time, we will go right into and begin with Ms.  
43 Liser. If you would start, we would be pleased. Thank you.

|  
44 ^STATEMENTS OF FLORIZELLE LISER, ASSISTANT U.S. TRADE  
45 REPRESENTATIVE FOR AFRICA, EXECUTIVE OFFICE OF THE PRESIDENT,  
46 OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE; LEOCADIA  
47 ZAK, ACTING DIRECTOR, U.S. TRADE AND DEVELOPMENT AGENCY; AND  
48 HOLLY VINEYARD, DEPUTY ASSISTANT SECRETARY FOR AFRICA, MIDDLE  
49 EAST, AND SOUTH ASIA, INTERNATIONAL TRADE ADMINISTRATION

|  
50 ^STATEMENT OF FLORIZELLE LISER

51 } Ms. {Liser.} Chairman Payne, thank you to you and to  
52 Chairman Rush and the other members for holding this hearing.  
53 I am pleased to be here to appear before you on U.S.-African  
54 trade relations and to share some successes and challenges we  
55 face in promoting African economic growth through expanded  
56 trade and investment.

57 President Obama and U.S. trade representative Ron Kirk  
58 are committed to a new approach on trade. So we are seeking  
59 ways to sharpen U.S. trade policy and to shore up the  
60 foundations of global trade today. Strengthening the rules-  
61 based system will boost trade and promote development for the  
62 long term for America, for Africa, and the world. That is  
63 why President Obama and Ambassador Kirk are committed to a  
64 successful conclusion of the World Trade Organization's Doha

65 Round, an outcome that is ambitious and opens new markets for  
66 all including for Africans.

67 We are also looking at our trade preference programs,  
68 including the African Growth and Opportunity Act with an aim  
69 to make them more effective and to ensure that the developing  
70 countries that need them the most are the beneficiaries.

71 Africa's share of global trade is declining. Sub-Saharan  
72 Africa's share of global trade is less than 2 percent, down  
73 from 6 percent in 1980. If that share were to increase by  
74 just one percentage point to 3 percent, it would generate  
75 additional export revenues of \$70 billion annually, which is  
76 nearly three times the amount of annual assistance to Africa  
77 from all donors.

78 Also, exports from the continent are concentrated in  
79 primary commodities, such as petroleum, minerals, cocoa, and  
80 coffee. There is little of the manufacturing engine in Sub-  
81 Saharan Africa that has fueled economic growth and reduced  
82 poverty in other regions of the world.

83 Even in agriculture, which many see as Africa's strong  
84 suit, the recent trend lines have not been positive. In  
85 2005, the region switched from being a net exporter to a net  
86 importer of agricultural products.

87 We believe that export diversification and further  
88 processing of agricultural products into higher value exports

89 could help improve food security in the region by addressing  
90 issues of availability and stability of food supply.

91 But even with that bad news, U.S. trade with Africa is  
92 expanding and diversifying. AGOA is an important tool that  
93 has helped increase both the volume and diversity of U.S.  
94 trade with Sub-Saharan Africa. And U.S. imports under AGOA  
95 total \$66.3 billion in 2008, more than eight times the amount  
96 in 2001. Now, while much of the increase is attributable to  
97 oil, non-oil AGOA imports more than tripled to \$5.1 billion  
98 and a number of AGOA product sectors experienced sizable  
99 increases during this period including, for example,  
100 beverages, vegetables, cut flowers, certain footwear,  
101 textiles, and apparel.

102 Though African textiles and apparel producers have faced  
103 increased competition and a declining share in the U.S.  
104 market, textiles and apparel still accounted for 22 percent  
105 of all AGOA non-oil trade in 2008. So it is still an  
106 important sector.

107 We are trying to address the challenges. We know that  
108 market access alone is insufficient to increase U.S.-Africa  
109 trade. That is why AGOA and trade capacity building  
110 assistance are the twin pillars of U.S.-Africa trade policy.  
111 In 2008, the U.S. devoted over \$1 billion to trade capacity  
112 building in Sub-Saharan Africa, and the five-year \$200

113 million presidential initiative called the African Global  
114 Competitiveness Initiative is helping to expand African trade  
115 and investment with the U.S. and support African regional  
116 strategies to grow Africa's share of world trade.

117         Dialogue with Africa about key trade and investment  
118 issues remains important, and we wanted to share with you  
119 that the eighth AGOA forum will be held in Kenya on August 4  
120 to 6, 2009. Its theme is realizing the full potential of  
121 AGOA through expansion of trade and investment. As always,  
122 the forum will be an important opportunity to discuss the  
123 challenges in expanding U.S.-Africa trade and investment  
124 relations. We look forward to the participation of members  
125 of Congress and their staff and the forum.

126         In conclusion, through ongoing dialogue and a range of  
127 initiatives, the Administration is looking forward to working  
128 with Congress to strengthen U.S.-Africa trade relations and  
129 through trade to create a platform for economic growth in  
130 Africa. Thank you.

131         [The prepared statement of Ms. Liser follows:]

132 \*\*\*\*\* INSERT 1 \*\*\*\*\*

|  
133           Mr. {Payne.} Thank you. The co-chair of the Commerce  
134 Committee that is really having jurisdiction over this has  
135 come. We--since folks were here for an hour and a half, we  
136 tried to get moving, but I will turn over the meeting to  
137 Representative Rush, and there may be procedural things that  
138 you do with the Commerce Committee that you don't do in  
139 Foreign Affairs.

140           Mr. {Rush.} Thank you. Well, I think the protocol is  
141 pretty much on the sidelines, Chairman Payne. I just want to  
142 add my voice of apology to everybody who is here. This is  
143 the beginning of a new way that we are going to be operating  
144 around here, I think, for the foreseeable future. And it is  
145 dilatory, and I don't think that it is beneficial to the  
146 institution nor to the American people. But we have to do  
147 what we have to do, so when they call a vote, we have to  
148 respond. Please accept my sincere apologies and the  
149 apologies of the Subcommittee on Commerce, Trade, and  
150 Consumer Protection.

151           I know how valuable your time is, and we want to again  
152 welcome you and thank you for coming and thank you for  
153 participating. I will proceed now recognizing the next  
154 witness, Ms. Leocadia Zak, who is the acting director of the  
155 U.S. Trade and Development Agency. And I think that the

156 guidelines of the opening statement is two and a half minutes  
157 or--five minutes or thereabouts, okay. Ms. Zak, you are  
158 recognized.

|  
159 ^STATEMENT OF LEOCADIA ZAK

160 } Ms. {Zak.} Thank you very much, Chairman Payne,  
161 Chairman Rush. Thank you and the other members of the  
162 subcommittee for this opportunity to testify today about the  
163 U.S. Trade and Development Agency's role in advancing  
164 economic development in Africa and creating jobs here in the  
165 U.S. as well.

166 I welcome the committee's interest in USTDA's program  
167 and look forward to briefly outlining our programs and some  
168 important successes.

169 I know that you have emphasized the exploration of new  
170 markets as a vital element for stimulating the U.S. economy.  
171 I could not agree more, and I also agree that African  
172 development and trade priorities are something that we must  
173 focus on. This is also precisely the mission of USTDA, to  
174 promote development in emerging markets while creating  
175 opportunities for U.S. exports and the creation of U.S. jobs.

176 How do we do this? In particular, we focus on areas  
177 where U.S. business is strong, such as energy,  
178 telecommunications, transportation and the environment.  
179 Using this model, we have seen the benefits that exports  
180 provide to host countries around the world and the U.S.

181 economy. In African, on a 10-year rolling basis for every  
182 dollar of USTDA program funds expended, we have seen a return  
183 of \$24 in U.S. exports. During my time here today, I would  
184 like to provide you with concrete examples of how USTDA has  
185 assisted export activities and how African nations have  
186 benefited and how U.S. companies large and small have also  
187 benefited.

188         In 2002, Roeslein and Associates, a 200-person  
189 manufacturing company based in St. Louis, Missouri approached  
190 USTDA with an idea for selling American-built aluminum can  
191 manufacturing equipment in Nigeria. The company had  
192 identified Nigeria as a potential new market and asked that  
193 the agency share the cost of a feasibility study to confirm  
194 the market potential and economic and financial viability of  
195 the manufacturing of aluminum cans in Nigeria.

196         USTDA provided the assistance requested by this small,  
197 Midwestern company, recognizing both the commercial viability  
198 of the project and the likelihood for success for project  
199 implementation. Ultimately, Roeslein secured a contract for  
200 \$30 million to build, ship, and reassemble an aluminum can  
201 manufacturing facility in Nigeria that was financed by the  
202 Export/Import Bank of the United States.

203         In January of this year, I was invited to Roeslein  
204 facility in Red Bud, Illinois to witness the sendoff of this

205 newly manufactured equipment. During the visit, I had the  
206 opportunity to meet with several workers who told me how  
207 difficult times were in Red Bud and how grateful they were  
208 for our assistance. To top it off, Roeslein provide USTDA  
209 with a check fully repaying the grant that we had provided to  
210 them that opened the doors to them in Nigeria.

211 My second example involves a major infrastructure need  
212 common in Africa: energy. Just under a quarter of Sub-  
213 Saharan Africa's population has access to electricity. To  
214 put this into perspective, Sub-Saharan African generates 63  
215 gigawatts of power for 770 million people, about the  
216 equivalent that Spain provides for a population of 40  
217 million.

218 Recognizing the need for more and diversified energy  
219 sources, USTDA partnered with Botswana Development  
220 Corporation to fund a feasibility study to determine the  
221 viability of a coal bed methane gas extraction, considered  
222 clean energy source in Botswana. Once the project was  
223 determined to be feasible, USTDA also funded a reverse trade  
224 mission that brought key Botswana decision makers to the  
225 United States to examine production facilities and meet with  
226 U.S. industry, representatives, and potential financiers of  
227 the project.

228 Based on the positive recommendations for coal bed

229 methane project, the Overseas Private Investment Corporation  
230 provided an \$8.5 million investment guarantee to Kalahari Gas  
231 Corporation to fund the drilling of a new clean energy  
232 source. Since that initial investment, U.S. companies have  
233 benefited from continuing expansion of this project, having  
234 exported a total of \$52.9 million in U.S. goods and services.

235         At the same time, it has provided a crucial need in  
236 Botswana. The Roeslein and Kalahari gas examples are but two  
237 of many in which USTDA has been the catalyst for assisting  
238 U.S. companies small and large in expanding their markets  
239 both in Africa and around the world. We often work in  
240 consultation with the private sector, including those  
241 testifying here today, such as Motorola, the Corporate  
242 Counsel on Africa, and the U.S. Chamber. And we have a very  
243 close collaborative relationship with those on the panel here  
244 today, USTDR and the Department of Commerce.

245         In conclusion, I would like to thank the subcommittee  
246 for inviting me here today. Exports to Africa benefit both  
247 Africa and the U.S. economy. Before coming here today, I  
248 talked with our staff that is responsible for Africa and  
249 asked them why they enjoy their job. And they said because  
250 it makes a difference. It makes a difference in Africa, and  
251 it makes a difference here in the United States as well.

252         I look forward to working with you to make the

253 difference both in Africa and here in the U.S. Thank you  
254 very much.

255 [The prepared statement of Ms. Zak follows:]

256 \*\*\*\*\* INSERT 2 \*\*\*\*\*

|  
257           Mr. {Rush.} The chair thanks the gentlelady. The chair  
258 now recognizes the next witness, Ms. Holly Vineyard. She is  
259 the deputy assistant secretary for Africa, the Middle East,  
260 and South Asia in the International Trade Administration.  
261 Ms. Vineyard, you are welcome and please begin your opening  
262 statement.

|  
263 ^STATEMENT OF HOLLY VINEYARD

264 } Ms. {Vineyard.} Thank you. Chairman Rush, Chairman  
265 Payne, Ranking Member Radanovich, Ranking Member Smith, other  
266 members of the committee, thank you for this opportunity to  
267 speak with you today about U.S.-Africa trade relations. I  
268 will summarize the points I make in my prepared statement and  
269 request that it be included in the record.

270 Many countries in Africa continue to reap the benefits  
271 of sound changes to economic policy and improved governance  
272 undertaken during the last decade. Some are becoming key  
273 emerging markets for U.S. companies. So while the current  
274 global economic situation has had a negative impact on them,  
275 a significant number of African countries have still  
276 maintained positive growth.

277 Thanks in part to AGOA, trade between the United States  
278 and Sub-Saharan Africa has more than tripled since 2001.  
279 Still, our two-way trade with Sub-Saharan Africa measured  
280 only 3 percent of our total trade with the world last year,  
281 and our non-oil imports from Sub-Saharan Africa measured less  
282 than 1 percent of all of our imports.

283 Increasing two-way trade with Africa could play a key  
284 role in boosting African export revenue, and additional U.S.

285 exports to Sub-Saharan Africa will have a positive effect on  
286 the U.S. economy. As former Secretary of Commerce Ron Brown  
287 explained, we want to contribute to Africa's development  
288 through mutually beneficial two-way trade. And our current  
289 Secretary Gary Locke recently said in addition to creating  
290 jobs and economic growth, goods and services traded can also  
291 profoundly improve people's quality of life. Trade can  
292 hasten democracy and the spread of freedom. Trade can speed  
293 the delivery of transformative ideas and technology.

294 But in order for U.S. countries to expand their ties  
295 with Sub-Saharan Africa, many African governments will need  
296 to address a series of obstacles. A recent World Bank Report  
297 noted progress in many African countries. Senegal, Burkina  
298 Faso, and Botswana ranked among the top 10 global reformers.  
299 The report found though that regulatory and administrative  
300 burdens to entrepreneurs need to be reduced as they remain  
301 higher in Africa than in any other region of the world.

302 The U.S. Chamber of Commerce's report on how corporate  
303 America really views Africa focused on the following  
304 impediments. African markets represent a difficult business  
305 case in terms of risk versus reward, corruption, and  
306 opportunity cost. The report also highlighted the need for  
307 improved infrastructure and stronger protection and  
308 enforcement of intellectual property rights, IPR.

309 Both reports underscore the importance of IPR. In the  
310 International Trade Administration, we view inadequate IPR  
311 production and enforcement as threatening American interests  
312 as well as Africa's own capacity to attract investment,  
313 collect tax revenue, and build local industry. Counterfeit  
314 goods pose a major health and public safety concern. We have  
315 worked with African stakeholders by providing technical  
316 assistance and capacity building.

317 This is an example of the kind of work we have done to  
318 help make it easier for U.S. companies to do business and at  
319 the same time to help strengthen business climates in African  
320 countries. We work with U.S. companies to resolve barriers  
321 to trade and investment. We currently have 250 active market  
322 access and compliance cases, and 38 of those are in Africa.  
323 Nearly one-third of the Africa cases we initiated last fiscal  
324 year were on behalf of small and medium-sized enterprises.

325 Our commercial service operates a network of trade  
326 professionals in 109 U.S. locations and in 77 countries  
327 including five in Sub-Saharan Africa. In fiscal year 2008,  
328 these offices reported over \$860 million in exports that they  
329 supported for U.S. companies.

330 I serve in ITA's market access and compliance unit. We  
331 work hand-in-hand with the commercial service. Policy and  
332 promotion are two sides of a coin. For instance, I

333 coordinate with our domestic offices when I conduct outreach  
334 within the United States, including, Chairman Rush, when I  
335 visited your district in 2006 shortly after a trip that Flori  
336 and I took to Liberia to talk to your constituents about  
337 opportunities in that country. I accompanied our former  
338 director general of the commercial service on the trade  
339 mission that he lead to Sub-Saharan Africa last year. And we  
340 are working closely with our commercial office in Nairobi as  
341 we prepare for the AGOA forum that Flori mentioned.

342         Despite obstacles to trade and investment with Sub-  
343 Saharan Africa, there has never been a better time for U.S.  
344 companies wishing to explore these markets, and ITA offers  
345 the tools and services to help them. We look forward to  
346 working with you, your staff, and your constituents, whether  
347 here in Washington, in your districts, or on the African  
348 continent.

349         Thank you again for this opportunity, and I look forward  
350 to your questions.

351         [The prepared statement of Ms. Vineyard follows:]

352 \*\*\*\*\* INSERT 3 \*\*\*\*\*

|  
353           Mr. {Rush.} Thank you very much for your opening  
354 statement. The chair recognizes himself for five minutes,  
355 but before the chair do, I ask unanimous consent that the  
356 opening statement of the members of both subcommittees be  
357 entered into the record. We are trying to save some time, so  
358 if members want to submit their opening statements for the  
359 record, I ask for unanimous consent, and hearing no  
360 objection, members will submit their opening statements for  
361 the record.

362           I also at the same time--the ranking member Mr.  
363 Radanovich has asked for unanimous consent to include these  
364 two items into the record. ``A Conversation Behind Closed''  
365 --the chair recognizes Mr. Radanovich.

366           Mr. {Radanovich.} Thank you, Mr. Chairman. I  
367 appreciate that unanimous consent request on ``A Conversation  
368 Behind Closed Doors'' by the African Business Initiative and  
369 also ``United States and Africa'' a publication of the  
370 Corporate Counsel on Africa.

371           [The information appears at the conclusion of the  
372 hearing:]

373 \*\*\*\*\* INSERTS 8, 9 \*\*\*\*\*

|  
374 Mr. {Rush.} Hearing no objections, so ordered. The  
375 chair recognizes himself for five minutes for the purposes of  
376 questioning the witnesses. There have been a concern about  
377 the staffing of the FCS offices in Africa. In section 125 of  
378 AGOA, Congress found that FCS's presence in Africa had been  
379 reduced since the 1980s and that the level of staff in 1997  
380 which was seven offices in four countries did not  
381 ``adequately service the needs of U.S. businesses attempting  
382 to do business in Africa.''

383 Accordingly the legislation required the posting of at  
384 least 20 FCS offices in not less than 10 African countries by  
385 December 31, 2001 ``subject to the availability of  
386 appropriations.' I guess that was the caveat. Ms. Liser  
387 and Ms. Vineyard, would you address the staffing mandates of  
388 AGOA? Have they been met, or has the FCS been fully staffed?  
389 And if not, why hasn't it been fully staffed? And has the  
390 administration requested additional staffing? And has the  
391 Congress provided additional funding appropriations for it?  
392 Ms. Liser, you can start.

393 Ms. {Liser.} Chairman Rush, I would like to take an  
394 opportunity to say something more broadly about--

395 Mr. {Rush.} Please.

396 Ms. {Liser.} --the staffing for AGOA.

397 Mr. {Rush.} Sure.

398 Ms. {Liser.} But I think it is appropriate to turn to  
399 Holly Vineyard since the FCS is really under the Department  
400 of Commerce.

401 Mr. {Rush.} Okay, Ms. Vineyard.

402 Ms. {Vineyard.} Thank you. We have recognized that  
403 ITA's international presence in many of the world's critical  
404 emerging markets including Africa needs to be expanded in  
405 order for us to more aggressively support export-related job  
406 creation and maintenance. We sought an additional \$5.2  
407 million to build a more robust presence in these challenging  
408 markets. ITA personnel on the ground in these areas would  
409 help U.S. firms navigate through the often confusing export  
410 barriers and help match these firms with potential customers,  
411 partners, or distributors.

412 The House did not include this requested increase, and  
413 we still believe that our expanded presence is an important  
414 component to opening the markets in Africa to U.S.  
415 businesses.

416 Mr. {Rush.} So there hasn't been an increase in  
417 appropriation even though the Congress dictated that that  
418 should be the case, that there should be an increased  
419 presence on your part and more resources available to you?

420 Ms. {Vineyard.} That is correct, Chairman. Last week

421 in the House's consideration of the Commerce Justice of  
422 Science Appropriations Bill, the request for the additional  
423 \$5.2 million was not included.

424 Mr. {Rush.} Okay, Ms. Liser, you had--

425 Ms. {Liser.} Yeah, I just wanted to share with you,  
426 Chairman Rush and Chairman Payne and the others, that as the  
427 agency that coordinates with all of the other government  
428 agencies on the implementation of AGOA, that it is important  
429 to know that we have a number of people both here and in  
430 Africa that are active participants in implementing AGOA. We  
431 have people from TDA, from the Department of Commerce, of  
432 course. We also have people from state department who are at  
433 the post. We have people from the Department of Agriculture.

434 And when we do our trade and investment framework  
435 agreement meetings throughout the continent where we are  
436 trying to enhance trade and investment with the countries  
437 that are AGOA eligible, we often take a very large team of  
438 government agencies with us, OPIC, Exin Bank, Department of  
439 Labor. So we feel to some extent that we do have a strong  
440 team that is looking at how we can best work together in the  
441 administration to implement what we hope to accomplish under  
442 AGOA.

443 Mr. {Rush.} Okay, what kind of training do these  
444 individuals have? Are they trained on the type of activities

445 that will promote the AGOA mandate? Or are they--these are  
446 not permanent? These are interim and temporary assignments  
447 that individuals in your department might fulfill?

448 Ms. {Liser.} No, actually what we are drawing on is  
449 really the strengths and the mandates of a number of  
450 government agencies. Almost every agency--and I know I have  
451 left out a number of them, small business administration,  
452 almost all of them have offices with permanent staff that are  
453 working on Africa and on expanding trade and investment.

454 Each has a different mandate, but we all work, I think,  
455 collectively and in a coordinated fashion. So again we are  
456 looking at, just as an example, the Department of Agriculture  
457 has a number of people that are helping us to improve the  
458 agricultural standards of the Africans. And they have even  
459 placed on the ground at our regional trade hubs, which are  
460 run by AID. I didn't mention AID. They are one of our  
461 biggest agencies that are working to implement AGOA. And on  
462 the ground, we have placed at the regional trade hubs  
463 throughout Africa expert from the Animal, Plant, Health  
464 Inspection Service. The Africans had complained that they  
465 could not meet the U.S. sanitary and vital sanitary standard.

466 So I just wanted to share that we continue through a  
467 number of agencies and their mandates and their staffs to  
468 implement the goals of AGOA.

469 Mr. {Rush.} So am I to just--this is my final question.  
470 Am I just to then conclude that you don't need the additional  
471 appropriations?

472 Ms. {Liser.} We didn't say that.

473 Mr. {Rush.} All right.

474 Ms. {Liser.} Mr. Chairman, you did not hear me say  
475 that.

476 Mr. {Rush.} Okay, I thought maybe--

477 Ms. {Liser.} We would definitely welcome a  
478 strengthening of whatever support we can get through  
479 appropriations for all of our respective mandates and  
480 collectively to do what we can to implement AGOA. Thank you.

481 Mr. {Rush.} Thank you very much. The chair now  
482 recognizes the gentleman from California for five minutes,  
483 Mr. Radanovich.

484 Mr. {Radanovich.} Thank you, Mr. Chairman, and I want  
485 to thank you for holding this hearing. And I want to welcome  
486 the witnesses to the committee hearing. I do have a question  
487 for each. Ms.--is it Liser? Ms. Liser? Thank you. You  
488 state that one of the ways that you are looking to shore up  
489 global trade is supporting the global rules-based trading  
490 system. In looking at Sub-Saharan Africa, which countries  
491 need improvements? Which are closer to that standard? Can  
492 you kind of give me an overview to Sub-Saharan Africa with

493 that regard?

494 Ms. {Liser.} Certainly. First of all, the Africans as  
495 a group are the largest regional grouping of countries within  
496 the World Trade Organization. I remember when I first  
497 started working on trade issues and would go to Geneva when  
498 it was still the GAT before it became the WTO, you did not  
499 see very many Africans at the table at all. And now when you  
500 go back to Geneva, you see many Africans who are there at the  
501 table, and they are active in the negotiations in the WTO.

502 So first of all, as a group, we think that they are  
503 indeed abiding by the rules-based system and are very active  
504 in promoting their interest in the negotiations and in making  
505 sure that they benefit from the global trading system.

506 In terms of specific countries, I think for Africa part  
507 of the issue is they have, as I said earlier, a relatively  
508 small share of world trade. Even with all of their rich  
509 resources on the continent, they have anywhere between 2 and  
510 3 percent of world trade. So the issue for them has to do  
511 with a lot of the supply side constraints. They have  
512 transportation that is expensive and inadequate in many  
513 cases, high cost of energy. I have not visited one factory  
514 producing products in Africa that did not have a backup  
515 generator. So that adds cost, and so--

516 Mr. {Radanovich.} Can you kind of outline, can you give

517 me an idea of the countries in Sub-Saharan Africa?

518 Ms. {Liser.} The particular ones that--

519 Mr. {Radanovich.} Perhaps the ones that are doing  
520 better than others, the ones that need the most help.

521 Ms. {Liser.} Well, I think as a group, they need a lot  
522 of support, and we are trying to give it to them. But in  
523 terms of countries that are doing very well, South Africa is  
524 doing very well. In fact, their trade with the U.S. grew by  
525 about 71 percent last year. They also are the largest  
526 beneficiary of AGOA, a non-oil beneficiary of AGOA. But  
527 there are a number of countries that produce a range of  
528 products. We think that a number of them are diversifying.

529 So I think in East Africa, Tanzania is really beginning  
530 to be quite competitive in a number of areas but still needs  
531 a lot of help. The MCC compact will help them with that.

532 In West Africa, we have reports that Senegal is also  
533 doing fairly well in terms of advancing its trade. There are  
534 quite a few of them. Lisutu is the largest exporter of  
535 apparel to the United States. So you would not think that  
536 from a very tiny country, small as it is.

537 Mr. {Radanovich.} All right, thank you very much. Ms.  
538 Zak, welcome to the committee. Ms. Zak, you had mentioned in  
539 your testimony the importance of developing private sector  
540 relations between U.S. and Africa. Could you discuss further

541 the importance of expanding and developing the African  
542 private sector and how this could benefit both Africa and the  
543 United States in the future?

544 Ms. {Zak.} Thank you very much, and thank you very much  
545 for the question because I think it is very important to do  
546 both. One of the things we focus on is developing the local  
547 economy, and I think to do that, you need to develop the  
548 private sector as well to develop the local economy.

549 So for example, one of the examples that I gave was the  
550 Roeslein example, the can manufacturing. That as a result  
551 will create jobs in country and at the same time created jobs  
552 in the United States. So we try to work with the public  
553 sector but also with the private sector in developing the  
554 private sector as part of our program and see that as an  
555 important part of economic development.

556 Mr. {Radanovich.} Tell me in your role in promoting  
557 trade with Africa, what barriers have you encountered that  
558 you think most need to be removed?

559 Ms. {Zak.} Well, I think for us one of the things that  
560 we hear from U.S. companies is one of the problems is that  
561 there are other countries that are providing assistance in a  
562 non-competitive way. And as a result, they need assistance  
563 from the U.S. to be able to compete with other countries.  
564 And I think that for them is one of the biggest barriers is

565 facing others to provide assistance in a way that is not  
566 competitive.

567 Mr. {Radanovich.} All right, thank you, and I yield  
568 back.

569 Mr. {Rush.} The chair now recognizes the chairman of  
570 the African subcommittee, Mr. Payne, for five minutes.

571 Mr. {Payne.} Thank you very much. Let me ask under the  
572 AGOA until now the major benefits in increased exports under  
573 AGOA have been limited to several countries, to South Africa,  
574 maybe Lesoto, Kenya, Madagascar, Swaziland mainly in  
575 assembling clothes. How can we broaden the scope of AGOA,  
576 first of all in your opinion? Secondly is it wise to expand  
577 market access under AGOA for non-apparel textiles, certain  
578 agricultural commodities, as you briefly touched on, in order  
579 to enable more countries to utilize AGOA?

580 I feel it is certainly underutilized and maybe each one  
581 of you might be able to comment on how you think it can be  
582 increased and improved.

583 Ms. {Liser.} Thank you, Chairman Payne, and for your  
584 longstanding support of AGOA and interest in seeing how we  
585 can maximize its benefits. We actually have seen an  
586 expansion of the number of countries that are exporting under  
587 AGOA as well as the products that they are sending. I know  
588 that it is a range of products that you don't normally

589 associate with Africa: footwear, eyewear. I have been to an  
590 eyeglass factory, footwear factory. Processed agricultural  
591 products, fruits and jams and jellies are being produced.  
592 Peri peri sauce or hot sauces as they call it.

593         So we are actually seeing that and we do have more U.S.  
594 businesses that see the products coming from Africa as quite  
595 competitive in the U.S. market, especially in niches. So  
596 apparel and textiles are still 22 percent of the non-oil, but  
597 that figure actually used to be much higher. Just a few  
598 years ago, it was 40 percent of non-oil.

599         So to us as we see the number go up in terms of AGOA  
600 non-oil exports to the U.S. and the percentage of apparel go  
601 down, we know that that is a reflection of the diversity that  
602 is occurring. In terms of ways to expand and improve AGOA,  
603 on the one hand, people could say it is the market access,  
604 that we should add more products. But I think as we look at  
605 it, we know that about 98 percent of the products they send  
606 us are already eligible to come into the U.S. duty free.

607         The truth is that on the capacity side, they are really  
608 lacking, and if we really want to help Africa take advantage  
609 of AGOA, we have to do something to help them with their  
610 productive side.

611         I will just use one example. We had determined that in  
612 Ghana there was a company, a small company, that was

613 producing absolutely beautiful baskets, but they were  
614 producing about 500 or so of those baskets per year. They  
615 got an order--I probably shouldn't say what buyer, but a  
616 large buyer here in the U.S. ordered about 5,000 baskets as a  
617 test order and would have ordered many more thousands of  
618 baskets from them. Just being able to ramp up from 500  
619 baskets a year to 5,000 baskets a year almost put the company  
620 under. They had to put people on the ground from the buying  
621 company there to help them and when the containers left with  
622 the trial shipment, pretty much everybody on the other side  
623 said that is it for us.

624         So part of the issue is their productive capacity, and  
625 we really have to find good ways to help them. I think we  
626 are doing some of the things that need to be done, but  
627 nowhere near what needs to be done to really help them take  
628 advantage of that access that they already have.

629         So, you know, that is part of our main problem with  
630 AGOA.

631         Mr. {Payne.} Well, since I have been told by Mr. Rush's  
632 assistant that I have only one more minute, I will just ask  
633 one real quick question. I turned it upside down though so  
634 but just this one other question. In 2000, as you know and  
635 we had discussed, AGOA was created to promote economic  
636 development in Africa by enabling African countries would

637 could not certainly compete before in a global trade arena  
638 with other least developed countries, LDCs, to gain  
639 unprecedented access to U.S. markets through tariff-free  
640 quotas for certain products. And as we know, AGOA has and  
641 continues to create hundreds of thousands of jobs, promote  
642 community prosperity and economic growth annually on the  
643 continent.

644 As we have also mentioned though that AGOA has only  
645 scratched the surface. We need capacity building. We need a  
646 number of things we don't have time to get into,  
647 infrastructure and all that. However, this is the question,  
648 as you know, that the General Systems of Preferences, the  
649 GSP, expires at the end of this year.

650 Some in Congress are discussing harmonizing and  
651 expanding preference programs across LDCs. For example,  
652 Bangladesh faces significant developmental challenges, but it  
653 has a competitive textile and apparel industry exporting five  
654 times the amount of textiles that all of AGOA countries  
655 export collectively to the United States.

656 This is without the preferences. Now we have a movement  
657 to have preferences, but Bangladesh is doing five times more  
658 than all of Africa put together. And I wonder, you know, how  
659 much would an all LDC-preference program erode the AGOA  
660 program, which has not actually been able to move to where it

661 ought to be? And I would just ask maybe each one of you  
662 maybe if you could just, in about 20 seconds according to my  
663 time, if you could just touch on that.

664 Ms. {Liser.} I think that, first of all, the U.S. trade  
665 representative, Ambassador Kirk, is in the process of looking  
666 at our trade preference programs. And as you noted, GSP will  
667 be ending. We have a couple of other programs that are  
668 ending. AGOA, of course, goes through 2015, but we are  
669 looking at AGOA as well in that larger context of what do we  
670 need to do and where do we need to go with preference  
671 programs.

672 That review has not been completed yet, but I think that  
673 for those of us who work on Africa and have been looking at  
674 this for quite some time, what we are aware of again are the  
675 capacity challenges on the African side and a sense that the  
676 Africans face some particular challenges that perhaps other  
677 countries do not.

678 So we recognize that there are a number of countries in  
679 many regions that are poor and do need help. At the same  
680 time, all LDCs don't walk in the same shoes. So as we go  
681 forward, our expectation is that we will be looking at how we  
682 can help those countries who need the help the most to  
683 benefit more from the preference programs, not just AGOA but  
684 also GSP. There are a lot of countries that are in GSP that

685 haven't been able to take advantage of it either. But we  
686 hope that it can be crafted in such a way that we are mindful  
687 of the areas that are still in their infancy or infant  
688 industries for the Africans and where perhaps there might be  
689 ways to shape programs, that they might still be able to have  
690 an advantage in those areas, a competitive advantage and a  
691 market in those areas.

692 Mr. {Payne.} Yeah, anyone else? Yes?

693 Ms. {Zak.} I must defer to Ms. Liser, but I also want  
694 to add that it is very important to be able to provide the  
695 infrastructure for trade. And with respect to AGOA or any  
696 other trade, it is important that the infrastructure does  
697 exist to be able to have trade take place.

698 Ms. {Vineyard.} I agree with absolutely everything my  
699 two colleagues have just said. If I could just add in one  
700 additional point for further context is that we have ongoing  
701 discussions in the Doha development agenda to talk about  
702 these very issues, and so we will continue to encourage our  
703 African counterparts and interlocutors to fully engage in  
704 that as we go forward.

705 Mr. {Payne.} Thank you very much. Mr. Chairman.

706 Mr. {Rush.} The chair now recognizes the ranking member  
707 of the Subcommittee on Africa, Mr. Smith, for five minutes  
708 for the purposes of questioning.

709 Mr. {Smith.} Thank you very much, Mr. Chairman. Let me  
710 thank our distinguished witnesses for your insights and  
711 counsel. Your testimonies are outstanding. Just since we  
712 are pressed for time, I would like to ask a few questions and  
713 then yield, and you can answer each of them or whatever ones  
714 you would like.

715 Back in 2000, I was the prime sponsor of the Trafficking  
716 Victims Protection Act. It took two years to get the  
717 legislation passed and emphasizes the three Ps in combating  
718 human trafficking, be it labor or sex trafficking:  
719 prosecution, protection, and prevention.

720 Last week, the secretary of state released, and our  
721 legislation prescribed, that this TIP report would be  
722 produced every year. And with a great deal of fanfare,  
723 Secretary of State Hillary Clinton had a state department  
724 event, and it was very well attended by NGOs and by some  
725 government officials.

726 And my question would be since 19 countries of Africa  
727 are on the tier two watch list, meaning they have egregious  
728 problems with trafficking but they are taking some actions to  
729 mitigate those. But they are still on the watch list. They  
730 could go either way. Seven countries in Africa are actually  
731 on the tier three list, which means they are not taking even  
732 minimum efforts to stop their own trafficking. There is

733 government complicity with the traffickers and maybe even  
734 government people on the payroll, especially at the police  
735 level.

736         To me, that does grave damage to the economic climate,  
737 and my question would be how do each of you in your work  
738 integrate the excellent work the state is doing on combating  
739 trafficking? Again the victims are exploited in slavery for  
740 those who are being exploited, but it also is ruinous, I  
741 would think of, the climate. I know it is. And as one of  
742 you pointed out, Ms. Vineyard, you know, corruption. We know  
743 that. I have held hearings myself when I was chair of our  
744 Human Rights Committee and then the Africa Committee on what  
745 corruption really does to a country, not just for those who  
746 would invest, but obviously in countries. So how do you  
747 integrate the work here country by country?

748         Secondly, on the issue of the Millennium Challenge  
749 Corporation, the MCC, you know, Mawli got \$460 million, Ghana  
750 \$547 million. To me, that is the model of trying to  
751 integrate all of the indicators, all of the prerequisites to  
752 getting that money, once one signs a compact, so that there  
753 is accountability and hopefully a lot of good positive  
754 outcomes. Are we doing enough? Are we funding the  
755 Millennium Challenge sufficiently enough? I think we are  
756 not. I think we could do much more to boost up the good work

757 that they do.

758 Thirdly on competition with the PRC, Mr. Payne has held  
759 hearings. I have held hearings when I was chair of the  
760 Africa Committee of the growing and, I think, very negative  
761 influence of the PRC especially as it relates to  
762 dictatorship, like in Sudan, but also in Zimbabwe. Although  
763 we have hope now with the new prime minister there.

764 But they come in--they being the Chinese--with no human  
765 rights strings attached whatsoever, all out of self-interest  
766 as we saw. I was in DR Congo last year in Goma, but I also  
767 paid a visit to the capital while there and heard several of  
768 the lawmakers there complaining bitterly about the agreement  
769 that had been made about building a large road, and the  
770 Chinese government gets all the commodities, the precious  
771 minerals on both sides of the roadway, and I suspect that  
772 roadway has a lot of zigs and zags in order to fleece the DR  
773 Congo of their goods. Now, so your thoughts on Chinese  
774 influence.

775 And finally, you know, we have always thought that the  
776 NGOs are king, and NGOs do a marvelous job everywhere. But  
777 even today, and I have long thought of this. President  
778 Michelle Bachile from Chile made a very good point that when  
779 we overemphasize the NGOs, we do so unwittingly at the  
780 expense of government capabilities and capacities. Yes,

781 corruption is a problem in Nigeria. We have all been there.  
782 I have been there many times. We know corruption is a  
783 problem, but there is a risk, and maybe a positive risk, of  
784 saying but we want to still build up the government  
785 capability to do business and everything else that they need  
786 to do, NGOs notwithstanding. And your thoughts on that.

787 Mr. {Rush.} Before the witnesses answer the question,  
788 Mr. Smith, I have to remind you we have a couple more members  
789 who want to ask questions, and they should be given the  
790 right. You have asked about five or six questions, four, all  
791 right. So would you restrict your questions to two so we can  
792 get to the other members because they have been waiting here  
793 for sometime please?

794 Mr. {Smith.} Well, I have asked them, so they can pick  
795 and choose whatever they would like to answer.

796 Ms. {Liser.} If I could just say, maybe we should defer  
797 on the MCC question because I think that, without a colleague  
798 of ours from the MCC here, that might be a good one to get an  
799 answer to at a later point.

800 You have asked a number of good questions. We could  
801 probably go on and on about them. On the trafficking one, I  
802 think that you know that the AGOA eligibility criteria don't  
803 refer specifically to trafficking but do refer to child labor  
804 and protection of worker rights. And in the annual review

805 for AGOA eligibility that we have, we start it every  
806 September, end it usually by December, we look very carefully  
807 at this. State Department is always at the table, is one of  
808 our closest partners in looking at a number of these labor-  
809 related issues. And we do indeed look at a number of reports  
810 they have. That is not the only one. So the answer to the  
811 question is that we do integrate what State is doing in these  
812 very important areas, and we do take very seriously the  
813 criteria has set for AGOA eligibility.

814 In terms of NGOs and government capability, I think the  
815 only thing that I would respond just sort of from the  
816 experience we have had is that we need civil society. We  
817 also need governments to have strengthened capacity, and we  
818 need the private sector to also work together.

819 And so we have found that in the countries that are  
820 doing the best in terms of economic reforms, opening their  
821 markets, as well as government reform, that what you often  
822 find is that there is a good dialogue going on between all  
823 three of those: the government, civil society, and private  
824 sector. So we would like to see more of that happen and in  
825 more countries.

826 Finally on the point of competition with the PRC, on the  
827 one hand, we have, I think, expressed concern about some of  
828 these relationships and the way that they are evolving,

829 particularly with countries like Sudan and Zimbabwe where  
830 there has been a lot of international concern about those  
831 regimes and what they are doing there. So where PRC is  
832 actually going off and establishing those kinds of  
833 relationships with rogue governments, we have expressed  
834 concern.

835         On the other hand, traveling to Africa frequently, we  
836 also see projects that the Chinese are undertaking which with  
837 the cooperation of the Africans seem to be going well. And I  
838 will just tell you one of them.

839         When I first went to Liberia a number of years ago, the  
840 trip for the airport into Monrovia took an hour and a half  
841 over roads that I--it was just horrible. The next time I  
842 went, we had a section of road that went very, very smoothly,  
843 and then we went back into the potholes and so forth. The  
844 last time I went, it was totally smooth. That is a road that  
845 with PRC involvement has benefited Liberia.

846         So I guess our view would be that the Africans have to,  
847 at the highest levels, whether it is head of state, determine  
848 what they can do with the PRC that benefits their countries  
849 and their people. And then what we need to do here in the  
850 U.S. is to do the same. We need to be looking at what are  
851 the best ways that we can work with them.

852         And frankly I think that through the MCC and through the

853 efforts of a number of government agencies, we are finding  
854 the best ways for us to also work with them. But again on  
855 the negative side, we have definitely weighed in on that, and  
856 we believe that the Chinese will be fairly isolated in that  
857 particular approach to African governments that are not doing  
858 the right things.

859 Ms. {Zak.} I was going to say in the interest of time,  
860 I will just say that was very well said. And I do want to  
861 add, with respect to the PRC, the fact that we do need to  
862 support the U.S. government agencies that are helping U.S.  
863 businesses with respect to the competition that is provided  
864 by the PRC. And that is what the U.S. Trade and Development  
865 Agency does, Ex-Im Bank, other members here. So the one  
866 thing we can do is support those agencies.

867 Ms. {Vineyard.} Thank you. I don't disagree with my  
868 colleagues. On the issue of competition with China, I would  
869 like to add an extra point in that one of the issues that we  
870 have with the Chinese are the increased counterfeit goods  
871 that are coming into Africa. And that has been one of the  
872 emphases of our programs in looking at intellectual property  
873 rights is in training the customs officials on how to  
874 identify counterfeit goods that come across borders, in  
875 working with judiciaries on enforcement, and prosecution type  
876 issues. So when I talk about intellectual property rights,

877 that is definitely something that is on our minds with  
878 respect to the Chinese influence.

879         With your question regarding corruption, we counsel  
880 companies. We find out about some issues from companies  
881 directly. Sometimes our advocacy centers when we are looking  
882 at how companies are positioning themselves to bid on  
883 contracts, some of those issues come up. We address these  
884 issues with host government as appropriate.

885         And finally we also work with foreign governments  
886 outside of Africa, maybe the signatories of the OECD Anti-  
887 Bribery Convention, to address the supply side of those  
888 issues as well.

889         Mr. {Rush.} The chair now recognizes Ms. Woolsey for  
890 five minutes.

891         Ms. {Woolsey.} Thank you, Mr. Chairman. My concern is  
892 more like on the human cost of trade. So I would be  
893 concerned about your opinions and your responses to when the  
894 United States goes into a developing country and markets to  
895 that country, how do we ensure that we are not disrupting  
896 local markets and economies? I am particularly concerned  
897 about the farmers and the small craft persons, and I am also  
898 concerned that we invest in microfinance, you know, in  
899 developing nations and in communities. And we are trying to  
900 help them bolster their economies, so how are we, you know,

901 supporting that and making sure we are not competing with  
902 those that are on the ground trying to do the work  
903 themselves?

904 For example, in Tanzania, 100 percent of the mosquito  
905 nets are actually made there. So how are we supporting this  
906 kind of growth?

907 Ms. {Zak.} Well, I will respond to part of that. With  
908 respect to how do we choose these markets and what do we do,  
909 I asked that question to my staff. And their response was we  
910 listen. We listen to what the host country needs. We listen  
911 to what they want. We listen about the fact that they want  
912 to develop their economies and they want to be self-  
913 sustaining.

914 So from the U.S. Trade and Development Agency's point of  
915 view, we listen to what the needs are of the host country,  
916 and that is how we ensure that they are protected.

917 Ms. {Woolsey.} And, Ms. Zak, who are you listening to?  
918 The people on the street or their government?

919 Ms. {Zak.} We are actually listening to many people.  
920 One would be listening to government officials, but we also  
921 work with the private sector so listening to the private  
922 sector in country, listening to people on the street, also  
923 listening to the experts in U.S. government. We work closely  
924 with the Department of Commerce, the Department of State as

925 well.

926           So we gather as much information as possible in this  
927 process, but it isn't just listening to host country  
928 governments. It is also listening to the people in country  
929 as well as the experts who have that information.

930           Ms. {Woolsey.} Thank you.

931           Ms. {Liser.} Congresswoman Woolsey, I think that when  
932 you were asking about, concerned about the human cost of  
933 trade, I was thinking about the fact that this is debate that  
934 happens in a lot of countries, including the U.S., which has  
935 to do with both the cost and the benefits of trade and  
936 understanding how economies as a whole really can benefit  
937 from trade and how you can look at some of the sort of the, I  
938 guess, the pros and the cons of what happens.

939           Now in terms of Africa and the farmers that are there,  
940 that was one of the points I had made earlier--it might have  
941 been before you come--that many African countries are  
942 producers of raw commodities, and that we are not seeing the  
943 kind of processing of those products. So it keeps them at  
944 sort of the low end of the global trading--the low end of  
945 trade in terms of global trade.

946           And so one of the ways that we hope that we are working  
947 with them to help them benefit more and to see more benefit  
948 rather than cost from trade is to help them not be at the

949 lowest end of the value chain we call it.

950         So for example, countries that produce cotton, we want  
951 to also see them producing the thread, the yarn, the fabric,  
952 and the apparel. They will be able to attract investment,  
953 create jobs, and the backward chain helps the cotton farmer  
954 as well so that they are not selling all of their cotton to  
955 countries like China who then takes those same products,  
956 makes it into value-added products that employ millions of  
957 people and then send their apparel to the rest of the world  
958 with cotton in it. The cotton farmers get very little of  
959 that, and the others who process it get more.

960         So again we think it is very important if Africans are  
961 going to benefit more from trade that they have the  
962 opportunity and the skills and the capacity to add value to  
963 and process those products.

964         The last point I would make you talk about small  
965 craftsmen, and I would just say that many of the African  
966 countries have very competitive producers of what we would  
967 call handicrafts, and we are importing a lot of those  
968 handicrafts now. There is a lot that is increasing, but as I  
969 said about the gentleman with the baskets in Ghana, for you  
970 to be able to get the big orders and to be able to hire more  
971 people in your factory or maybe even have a second factory,  
972 you have to have the capacity to meet those orders. And so

973 helping a basket maker in Ghana, just as an example, going  
974 from 500 to 5,000 to 50,000 baskets, that is where we need to  
975 give them assistance.

976 Ms. {Woolsey.} Well, would it be possible in a  
977 developing country, instead of insisting that they grow from  
978 500 to 50,000 over time, that there is a different way to  
979 produce that same number of baskets by spreading it out over  
980 the district? I mean maybe they don't want to be producers  
981 of 500,000 baskets.

982 Ms. {Liser.} And I think that that is possible, but  
983 again, you know, producing small amounts of products and  
984 trying to sell those on the global market in a competitive  
985 way, unfortunately makes them not as competitive as the  
986 people who can do the 5,000 baskets. And I don't know if you  
987 ever look, but you will often see in some of our big box  
988 stores, Target and others, you know, products that look like  
989 they are from Africa. But if you turn them over, you will  
990 see that they are made in other places.

991 We want the Africans to be able to do that. Do we value  
992 having those very small, you know, quantities of handicrafts  
993 that are handmade and beautiful? We absolutely do. But if  
994 they are going to be bigger players in the global trading  
995 system, somehow they have to be able in certain circumstances  
996 to go from that 500 to that 5,000.

997 Mr. {Rush.} The gentlelady's time is up.

998 Mr. {Payne.} Mr. Chairman, if the other two panelist  
999 members would permit, if we could have the second panel, and  
1000 they could begin with the questioning because we don't know  
1001 when the votes will come again. If that is all right with  
1002 everyone here, and we will start with Ambassador Watson and  
1003 Chairman Lee. And then if we could then go to the time.  
1004 Would that--

1005 Mr. {Rush.} So are you suggesting that we dismiss this  
1006 panel?

1007 Mr. {Payne.} Yeah, so that we don't--

1008 Mr. {Rush.} Well, okay. If it is all right with them.  
1009 The chair recognizes the gentlelady from California.

1010 Ms. {Lee.} Okay, I want to thank everyone for yielding,  
1011 but we have a big deal on the sense and disparity issue that  
1012 I have to run over to, but I just want to thank all of our  
1013 panelist and our chairmen for this opportunity. And welcome  
1014 everyone.

1015 And just very quickly wanted to ask you about the issue  
1016 of HIV and AIDS and medicines on the continent. As you know,  
1017 the continent faces a severe public health challenge. In  
1018 some cases, countries have secured, you know, licenses from  
1019 brand-name pharmaceutical manufacturers or issued compulsory  
1020 license to produce drugs at a cheaper cost. And in other

1021 cases, countries have imported cheaper, generic versions of  
1022 those drugs.

1023         So I want to get an update just very briefly, and you  
1024 can send it in writing if you would like with regard to the  
1025 enforcement of U.S. trade laws and patent rights and how they  
1026 are or are not prioritized at the expense of saving lives  
1027 because this has been a huge issue for many, many years now.  
1028 And we know that generic drugs cost a heck of a lot less,  
1029 could save a heck of a lot of lives, but many of our laws,  
1030 our patent laws, actually hurt rather than help the generic  
1031 drug industry.

1032         Ms. {Liser.} Congresswoman Lee, that is a very  
1033 important question, and I think we probably should send you a  
1034 response. I think you will be pleased to know that many of  
1035 the African countries do have access now to the ARVs and at  
1036 prices that are quite low. So that is happening for a  
1037 variety of reasons, but for the sake of time, I will just  
1038 promise you that you will get a good answer to this.

1039         Ms. {Lee.} Thank you very much, and thank you again for  
1040 yielding.

1041         Mr. {Rush.} The chair recognizes another gentlelady  
1042 from California, the third gentlelady from California, Ms.  
1043 Watson, for five minutes. You want to ask the second panel?

1044         Ms. {Watson.} I will defer.

1045 Mr. {Rush.} Okay, thank you very much. Well, the chair  
1046 wants to really thank you all, you have been expert and very  
1047 informative. And we certainly appreciate you taking the  
1048 time, and again we apologize for the delay. Thank you very  
1049 much.

1050 I am going to now, as we agreed upon, I am going to  
1051 relinquish this chair to Chairman Payne for the second panel,  
1052 and he will call the second panel.

1053 Mr. {Payne.} [Presiding] Thank you very much, Mr.  
1054 Chairman. Let me thank the first panel again, and as we  
1055 mentioned to members who came late, we apologize for the  
1056 tardiness, and we tried to explain to them what was going on  
1057 here.

1058 We really appreciate the patience of the panel and  
1059 others and the audience. Is Steve Hayes going to be here?  
1060 We will introduce the second panel. We have--he just stepped  
1061 out for a minute, but Mr. Steve Hayes who is the president  
1062 and a CEO of the Corporate Counsel on Africa, and I know who  
1063 just recently returned, I believe, from Zimbabwe. We have  
1064 Dr. Lisa D. Cook, assistant professor, James Madison College,  
1065 Department of Economics at Michigan State University. We  
1066 have Mr. Greg Lebedev. How is that? 50/50? Senior advisor  
1067 to the president, U.S. Chamber of Commerce, chairman of the  
1068 Center for International Private Enterprise. And finally

1069 Karen Tandy, senior vice president, public affairs and  
1070 communications for Motorola Incorporated. And we will begin  
1071 with Steve Hayes who will be seated in a second. I know  
1072 Steve when he was a young YMCA worker 30 years ago working  
1073 around the world and Africa. So I knew he would be back in  
1074 time, so he is one of our protégés.

|  
1075 ^STATEMENTS OF STEPHEN HAYES, PRESIDENT AND CEO, THE  
1076 CORPORATE COUNSEL ON AFRICA; GREG LEBEDEV, SENIOR ADVISOR TO  
1077 THE PRESIDENT, U.S. CHAMBER OF COMMERCE, CHAIRMAN, CENTER FOR  
1078 INTERNATIONAL PRIVATE ENTERPRISE; LISA D. COOK, PH.D.,  
1079 ASSISTANT PROFESSOR, JAMES MADISON COLLEGE, DEPARTMENT OF  
1080 ECONOMICS, MICHIGAN STATE UNIVERSITY; AND KAREN TANDY, SENIOR  
1081 VICE PRESIDENT, PUBLIC AFFAIRS AND COMMUNICATIONS, MOTOROLA  
1082 INC.

|  
1083 ^STATEMENT OF STEPHEN HAYES

1084 } Mr. {Hayes.} Thank you, Mr. Chairman, and I hate to say  
1085 it, but it has been 40 years.

1086 Mr. {Payne.} Wow, yeah. I knew it. I was just trying  
1087 to, you know, cheat.

1088 Mr. {Hayes.} I will shorten my remarks as well just  
1089 note for the record the reports are over there. My remarks  
1090 will focus on the need for far greater U.S. private  
1091 investment in Africa. And I think we need a far more  
1092 coordinate approach to Africa between the public and the  
1093 private sector with an emphasis on creating jobs in Africa  
1094 and the United States as well as increasing trade to the U.S.  
1095 and Africa.

1096 I think it is in our national interest, and I would say  
1097 highest national interest, to invest in Africa as a means to  
1098 ensure long-term relationships with the various countries and  
1099 peoples of Africa. There is no region in the world more  
1100 friendly to the United States than Africa, but in the long  
1101 term, nations will necessarily gravitate to those countries  
1102 with whom they are more deeply economically engaged.

1103 For the sake of our own economy as well as the economies  
1104 of Africa, the United States private sector needs to be far  
1105 more engaged throughout the continent in investment and in  
1106 the overall development process at all levels. However  
1107 unless the U.S. government provides vocal and active  
1108 leadership and makes this a national priority--there we go--  
1109 makes this a national priority, U.S. companies may be too  
1110 slow in stepping forward. We need to work together to make  
1111 it easier for the U.S. private sector to invest in Africa.

1112 We can make a major difference in Africa by investing in  
1113 education, capacity building and training, and working with  
1114 African nations to engage U.S. infrastructure and  
1115 agribusiness interest especially in the planning,  
1116 development, and investment processes. These investments not  
1117 only strengthen Africa but help the American economy.

1118 What I think we have to realize is that Africa can help  
1119 us as much as we can help Africa. The investments we make in

1120 education, for instance, could be beneficial for our own  
1121 training schools including our universities and technical  
1122 schools. Working with Africa to develop greater and broader  
1123 educational capacity not only helps Africa but can provide  
1124 jobs for American faculty and technicians as trainers in  
1125 Africa.

1126         We have a highly trained service sector and professional  
1127 education sector that could be put to further use by working  
1128 with Africa to build capacity. Governments cannot do this  
1129 alone.

1130         Also institutions, and I dare tread here, but also  
1131 institutions such as Africom can assist African governments  
1132 in meeting their own security needs as Africa's own security  
1133 forces are developed and trained through well-targeted  
1134 capacity building and training programs. To do this, we must  
1135 get the U.S. private sector much more engaged in Africa.

1136         The Corporate Counsel on Africa believes that a key to  
1137 our success will be the degree to which public and private  
1138 sectors work together in planning and implementation. I  
1139 think for us to be effective in Africa, as effective as  
1140 possible, requires a level of cooperation among the public  
1141 and private sectors that we have not seen since the Marshall  
1142 Plan.

1143         As our corporate members work together over three months

1144 preparing our policy recommendations to the Obama  
1145 Administration, and I thank you for including it in the  
1146 record, it is of interest to me that throughout the report,  
1147 sector by sector, a major theme is not simply what government  
1148 should do as much as that the government and the private  
1149 sector must work together in planning as well as  
1150 implementation to develop our economic and political ties to  
1151 Africa. We also strongly urge the administration to bring  
1152 into the process at equal level various players in Africa  
1153 from the countries themselves to the region or economic  
1154 communities because African development is becoming regional  
1155 rather than simply a national challenge and opportunity.

1156         And this will be a major theme of our upcoming U.S.-  
1157 Africa business summit to be held in Washington the week of  
1158 September 28. We expect that more than 1,500 business  
1159 persons from Africa and the U.S. to be here along with  
1160 several hundred government representatives from throughout  
1161 Africa including heads of state and heads of government. And  
1162 we hope all in this room will be a part of this.

1163         And, Mr. Chairman, I will also just digress very  
1164 slightly to say that your question on GSP, I would like to  
1165 take that also and say that if there is a blanket GSP, I  
1166 think the economies of Africa will be hurt very badly. I  
1167 think we need to have something unique for Africa. Thank you

1168 very much.

1169 [The prepared statement of Mr. Hayes follows:]

1170 \*\*\*\*\* INSERT 4 \*\*\*\*\*

1171 | Mr. {Payne.} Thank you very much. Mr. Lebedev.

|  
1172 ^STATEMENT OF GREG LEBEDEV

1173 } Mr. {Lebedev.} Thank you, Mr. Chairman. The chamber  
1174 very much appreciates the opportunity to testify and applauds  
1175 this committee for its recognition of the importance of  
1176 Africa as a destination for American business.

1177 To be sure, global business is a key to American  
1178 prosperity in Africa in our view is an unemphasized market  
1179 opportunity, and it has been for too long. American business  
1180 and the people of Africa can prosper together, but as  
1181 commercial and trading partners and as investors and as  
1182 consumers, not just as donors and the beneficiaries of  
1183 foreign aid.

1184 Africa needs sustainable prosperity, and this can only  
1185 be achieved by building and maintaining free market  
1186 institutions, which permit African and American businesses to  
1187 flourish. The U.S. chamber believes that the American  
1188 business community should be there to help.

1189 Now, some American businesses have been in Africa for a  
1190 long time. You all know that, but too many others are  
1191 hesitant. And it is fair to ask the question why. We wanted  
1192 an answer, and the chamber wanted to learn what factors deter  
1193 American business from a greater engagement throughout

1194 Africa, and so we teamed with Bairds Communication, which is  
1195 a leading public relations firm in South Africa to conduct a  
1196 set of interviews with U.S. business executives who work in  
1197 Africa every day.

1198         The interviews took place over the course of 2008, so  
1199 the data is pretty fresh. And we talked to about 30  
1200 executives, most of whom came from Fortune 100 companies.  
1201 They represented a cross section of industries, and the  
1202 interviews were given in confidence so that we could receive  
1203 very frank and honest answers.

1204         The aggregated results of the survey were put in the  
1205 record. The survey findings however are highly significant  
1206 for three reasons. First, the survey quite correctly  
1207 highlights Africa's well-known structural weaknesses:  
1208 inadequate infrastructure, unskilled labor, inconsistent rule  
1209 of law, and political uncertainty.

1210         These are not trivial conditions, and they need to be  
1211 addressed. But second and possibly as importantly, the  
1212 survey does not suggest that these conditions are universal  
1213 to Africa. Nothing is uniform in a continent with 14 percent  
1214 of the world's population. These are very serious concerns,  
1215 but they do not afflict all African countries in the same  
1216 way.

1217         So the good news is that real business opportunities

1218 exist, but they must be identified. And the conditions on  
1219 the ground must be navigated. This is a significant finding  
1220 for both Africans and American business.

1221         The third finding, however, may be more vexing because  
1222 it is intangible. The surveyed executives reminded us that  
1223 the characterization of Africa, the way the continent is  
1224 regularly described in the mainstream media is grim. It is  
1225 portrayed as if it is one place, not 50 different countries,  
1226 one place which is in a continual state of violent unrest.  
1227 This is an understandably intimidating image which is rooted  
1228 in some truth but tragically misrepresents the positive  
1229 conditions and opportunities that widely exist throughout the  
1230 continent.

1231         So what is to be done, Mr. Chairman? In our view, there  
1232 is work that needs to be done on both sides of the Atlantic.  
1233 Too many African governments have struggled with a disconnect  
1234 between words and deeds. They say they want more U.S.  
1235 business, and they do. But too many have been unwilling to  
1236 do those hard things to create a welcoming environment for  
1237 U.S. capital, goods, and services.

1238         African governments must appreciate that they are  
1239 competing with other developing countries and emerging  
1240 markets for trade and investment, which means that they must  
1241 market themselves aggressively and undertake those domestic

1242 reforms in education, health, infrastructure and governance  
1243 which will attract foreign investors. It is the same  
1244 economic development that U.S. cities and states play every  
1245 day.

1246 For our part, the U.S. chamber is taking a number of  
1247 steps to facilitate greater U.S.-Africa business relations.  
1248 For openers, we are about to launch a second part to this  
1249 same survey, and this will involve the African governments  
1250 themselves. We are planning a series of interviews with  
1251 African government officials, showing them the survey  
1252 findings and asking how they plan to do the things necessary  
1253 to attract U.S. business. And we will publish the results of  
1254 that survey as well.

1255 Next, the chamber's affiliated organization, SIPE, that  
1256 which I chair, regularly works in Africa and around the world  
1257 to help reform struggling economies by supporting free market  
1258 institutions. We build business associations. We promote  
1259 public and private governance, and we teach business  
1260 advocacy. I just got back from Kenya where SIPE hosted a  
1261 four-country conference which talked about and focused upon  
1262 the value of public/private dialogue which means to us that  
1263 government and business need to talk to each other every day.

1264 The chamber can also draw on its strengths and  
1265 experience of American business on the ground through our

1266 network of AMCHAMs, the American Chambers of Commerce. We  
1267 have over 100 around the world, sadly only a handful in  
1268 Africa.

1269         Finally the chamber's new African department will  
1270 advocate for African-related issues, such as the next round  
1271 of AGOA. That was talked about in the first panel. We will  
1272 also host visiting African dignitaries, as we did recently,  
1273 for the much beleaguered Prime Minister Shangara in Zimbabwe.  
1274 And probably most importantly, we will help American business  
1275 see through the haze of Africa's bad press and navigate a way  
1276 to the tremendous opportunities that exist in the world's  
1277 last untapped markets.

1278         Mr. Chairman, let me say again that we appreciate this  
1279 forum, which permits a conversation that is very important to  
1280 both Africa and the United States. The real lesson for the  
1281 continent of Africa and for us is that we need each other.  
1282 The American business community needs markets to sell goods  
1283 and services, locations to manufacture, enterprises in which  
1284 to invest, and partners with whom to trade. And we do far  
1285 too little of that with our counterparts in Africa.

1286         In turn, Africa needs American business, not just for an  
1287 occasional investment but because we bring employment,  
1288 expertise, model business practices, skills training,  
1289 community development, and an ambitious and honorable

1290 approach to free enterprise. And we have a cultural  
1291 connection to the continent that no other country can claim.

1292 Mr. Chairman, Africa is a market which offers tremendous  
1293 potential, and the U.S. Chamber looks forward to working with  
1294 this committee to help overturn the misimpressions and  
1295 stereotypes and create a new era of reciprocal commercial  
1296 engagement between the United States and our many friends  
1297 throughout Africa.

1298 [The prepared statement of Mr. Lebedev follows:]

1299 \*\*\*\*\* INSERT 5 \*\*\*\*\*

|

1300           Mr. {Payne.} The chair thanks the gentleman. The chair  
1301 now recognizes Dr. Cook for five minutes. Dr. Lisa D. Cook.  
1302 I am sorry, Dr. Cook. She is assistant professor of the  
1303 James Madison College of the Department of Economics at  
1304 Michigan State University. Dr. Cook, you are recognized for  
1305 five minutes.

|  
1306 ^STATEMENT OF LISA D. COOK

1307 } Ms. {Cook.} Thank you, Mr. Chairman and members of the  
1308 subcommittees. Thank you very much for this opportunity to  
1309 testify on the important topic of U.S.-Africa trade  
1310 relations. Just as international trade has been an engine of  
1311 growth for the U.S., it has been for Africa recently.  
1312 Between 2000 and 2007, a three-fold increase in global trade  
1313 with Africa has been associated with average annual growth of  
1314 5 percent in African economies. My research shows and  
1315 analyzes this reversal of decades of economic decline in  
1316 Africa.

1317 My main point today is that increased trade in Africa  
1318 has resulted in and can result in better economic outcomes  
1319 for the U.S. and for Africa. Coca-Cola, UPS, Pampers, Jeep  
1320 vehicles, and Intel Technology can be found throughout  
1321 African. Ethiopian and Kenyan coffee, Egyptian cotton  
1322 towels, and South African wine are no longer exotic and are  
1323 ubiquitous in the United States.

1324 What we know is that the U.S. and Africa are better  
1325 positioned to mutually benefit from trade than at any other  
1326 time in recent history. Reforms undertaken by many African  
1327 countries in the late 1980s and 1990s contributed to high

1328 growth rates and Africa becoming more integrated into the  
1329 world economy. AGOA has also opened up trade with Africa.  
1330 Partly as a result of U.S. and African policies between 1999  
1331 and 2008, exports to Africa nearly tripled, and imports from  
1332 Africa increased six-fold.

1333         Trade with the U.S. has been interrupted by the  
1334 financial and economic crisis. Exports to Africa shrank by  
1335 11 percent between the first quarter of 2008 and the first  
1336 quarter of 2009, while imports from Africa fell 57 percent  
1337 over the same period. The downward spiral can be swift and  
1338 deep. Declines in demand and in commodity prices lead to  
1339 lower incomes and government revenue, which in turn lead to  
1340 lower spending on health, education, and poverty reduction.

1341         Further due to the financial crisis, trade finance in  
1342 Africa has contracted sharply or has become prohibitively  
1343 expensive. Despite the economic downturn, U.S. exports to  
1344 Africa rose in several categories, including footwear,  
1345 electronics, and transportation equipment. And these exports  
1346 have been steadily increasing in recent years.

1347         U.S. export activity has generated positive spillovers  
1348 for African firms. For example, American Plastics  
1349 Technologies, a small equipment manufacturer in Illinois has  
1350 partnered with Alpha Fluids in Lagos, Nigeria, which will  
1351 produce IV fluids, medical beverages, medical drips, and

1352 bottled water for Nigeria and ultimately for West Africa.  
1353 Direct opportunities for employment, that is 40 new jobs at  
1354 American Plastics, and indirect opportunities for suppliers--  
1355 that is 16 firms in the U.S.--have been created on both sides  
1356 of the Atlantic. Nonetheless trade with Africa is not  
1357 perfect. On average, it costs almost double the amount to  
1358 ship a container from Africa as it does from an OECD country.  
1359 It takes five to six days to process exports and imports in  
1360 the U.S.

1361         For Chad, exports take 78 days to process and imports  
1362 take 102 days on average. Infrastructure, governance, and  
1363 the general business climate continually hinder Africa's  
1364 potential for international trade. Problems with AGOA  
1365 implementation and well known, such as limited composition of  
1366 exports, which are largely concentrated in energy and  
1367 textiles.

1368         A host of policies, practices, and institutions related  
1369 to trade must be addressed in order to maximize the gains  
1370 from U.S.-Africa trade. The extent to which these gains may  
1371 be realized will depend on many factors, including the  
1372 avoidance of protectionist measures on both sides of the  
1373 Atlantic.

1374         Finally trade and aid are not mutually exclusive. U.S.  
1375 aid agencies have been critical in connecting American firms

1376 to partners in Africa. Ex-Im Bank guaranteed the loan of \$16  
1377 million to support the American Plastics Partnership  
1378 mentioned earlier. Nora Bannerman exports thousands of  
1379 shirts from Ghana to Ross Stores, one of our largest discount  
1380 clothing stores, with the help of USAIDS West Africa trade  
1381 hub.

1382         Given increasing claims on the resources of developed  
1383 countries in the short run and considerations of  
1384 sustainability of development in the long run, increasing  
1385 trade between the U.S. and Africa may produce significant  
1386 spillovers for Africa's development for many years to come.

1387         To conclude, U.S.-Africa trade has increased markedly in  
1388 recent years. This has created growth opportunities in both  
1389 places. Trade with African has also created significant  
1390 opportunities in other places too, such as China and India.  
1391 Given this recent experience of dramatic growth in Africa,  
1392 now is an especially important time to augment our  
1393 relationship with Africa. Thank you for your indulgence and  
1394 your work on this important issue.

1395         [The prepared statement of Dr. Cook follows:]

1396 \*\*\*\*\* INSERT 6 \*\*\*\*\*

1397

|

Mr. {Payne.} Ms. Tandy.

|  
1398 ^STATEMENT OF KAREN TANDY

1399 } Ms. {Tandy.} Good afternoon, Chairman Rush, Chairman  
1400 Payne, Ranking Members Radanovich and Smith. Thank you so  
1401 very much, along with the other distinguished members of the  
1402 subcommittee, for inviting Motorola to testify today. By way  
1403 of background, Motorola operates in more than 100 countries  
1404 around the globe. Fifteen countries in Africa are included  
1405 among those.

1406 We opened our first office on the continent of Africa 40  
1407 years ago in Nigeria and benefited from hiring locally,  
1408 utilizing the creativity of diverse cultures and individuals.  
1409 We have learned that localization is the only sustainable  
1410 growth-oriented business plan for Motorola in Africa. The  
1411 U.S. private sector understands that to grow our business in  
1412 Africa, we must be full partners outside of our narrow  
1413 business interests. Being good corporate citizens means  
1414 helping communities solve problems, whether those problems  
1415 involve technology, infrastructure, health and educational  
1416 needs, or issues related to public safety.

1417 Providing the proper tools and technology solutions for  
1418 governments to communicate effectively and securely creates  
1419 and fosters a stronger environment for community and business

1420 development. A country's economic and social successes are  
1421 inextricably linked as these committees well know.  
1422 Unfortunately talent and capital sometimes depart the areas  
1423 where they are needed most because of the lack of personal  
1424 safety of poor health and education services.

1425         And our experience in Africa has taught us that this is  
1426 one of the key problems on the continent. But Motorola has  
1427 the technology to link different sectors of a community and  
1428 regions together to help address some of their most critical  
1429 public safety concerns and support a more stable business  
1430 climate, whether it is supplying radios for UN mission in the  
1431 Sudan or investing in the future of Africa by connecting  
1432 privileged schools with disadvantaged schools through our  
1433 canopy wireless broadband technology.

1434         Today, Motorola has offices in Nigeria, South Africa,  
1435 Egypt and Morocco with an operational presence in a number of  
1436 other countries from Algeria to Rwanda. Our wireless  
1437 technology and solutions and services are used by most police  
1438 and public safety forces throughout all of the African  
1439 countries as well as the African and foreign peacekeeping  
1440 forces participating in missions throughout the continent.

1441         In the private sector, Motorola supplies secure  
1442 communications networks and equipments to oil companies,  
1443 mining operations, and agricultural projects to enable

1444 pipeline and other field operation security and  
1445 communications, all of which contribute to the economic  
1446 development of Africa.

1447         Motorola has been working with mobile telephone  
1448 networks, which is one of the widest operations of mobile  
1449 communications throughout Africa. We are also working with  
1450 our carrier partners in Uganda, Ghana, and Nigeria to improve  
1451 the quality of service for mobile phone subscribers. In  
1452 Morocco, we are working with one of the carriers, Wana, the  
1453 telecommunications arm of Morocco's biggest conglomerate,  
1454 ONA, to pilot a WiMAX network which we launched this spring.  
1455 And that has the potential to deliver broadband service to a  
1456 wider subscriber base of citizens in a more cost effective  
1457 manner.

1458         In Nigeria, we have continued to expand the mobile phone  
1459 networks for M-tel, Zain, and regional providers over the  
1460 past few years to connect Nigerians countrywide.

1461         Another valuable asset that Motorola contributes to  
1462 Africa is our time and our knowledge. Motorola is working  
1463 with government agencies to help revolutionize the delivery  
1464 of quality rural healthcare and education through delivery  
1465 models that can be replicated throughout Africa at relatively  
1466 low cost.

1467         To address the shortage of doctors in South Africa,

1468 Motorola, the Medical Research Counsel, the State Information  
1469 Technology Agency, and the Limpopo Health Department joined  
1470 forces in a wireless broadband network trial. In that trial,  
1471 we connected three hospitals and one clinic. Video cameras  
1472 were included that enabled the doctor to examine and diagnose  
1473 a patient more than 60 miles away. All the vital data, such  
1474 as heart rate and blood pressure information, were submitted  
1475 to the doctor for that diagnosis as well. And there are  
1476 already plans in progress to expand to other hospitals and  
1477 clinics in the Limpopo Province.

1478         Similarly through our work with the government and other  
1479 South African entities, Motorola has helped launch the Ulwazi  
1480 e-Learning partnership to improve local education by  
1481 addressing the issues of teacher shortages and lack of  
1482 resources. This project connected a privileged school  
1483 together with four disadvantaged schools so that one teach  
1484 could reach 100 students at once. And to make that happen,  
1485 Motorola funded the computers, the web cams, the sound  
1486 equipment, the white boards, in addition to the entire  
1487 wireless broadband network. We are now attempting to  
1488 replicate this in discussions with the government in Rwanda.

1489         Mr. Chairman, Motorola is proud of its leadership role  
1490 in investing and fostering the long-term relationships and  
1491 economic growth in Africa. And we look forward to working

1492 even more closely with you and the U.S. government to help  
1493 support your efforts in bringing the United States and Africa  
1494 closer together both economically and socially. Thank you.

1495 [The prepared statement Ms. Tandy follows:]

1496 \*\*\*\*\* INSERT 7 \*\*\*\*\*

|  
1497           Mr. {Payne.} Thank you very much, and let me thank the  
1498 panel for your excellent testimony. And we will open our  
1499 questions with Congresswoman Watson.

1500           Ms. {Watson.} I want to thank the first panel and the  
1501 second panel as well, and I am reminded, and my colleague  
1502 Lynn Woolsey will remember, California used to have trade  
1503 offices in South Africa, and we opened one on the west coast  
1504 of Africa. And, of course, due to the budget, we no longer  
1505 have them in a new administration.

1506           However it is a burgeoning field for us to really look  
1507 at, as you are doing, Ms. Tandy, and the rest of you have  
1508 reported on. I would like to, number one, I think what  
1509 really keeps investors from the U.S. away is that they don't  
1510 really understand business in Africa, and there is not a  
1511 whole lot of advertising. So in September during the  
1512 congressional black caucus, we are holding our workshops on  
1513 investing in Africa, but we have to train investors first  
1514 because they have to know that it might take five years  
1515 before your money can turn around and have a benefit.

1516           One of the things that we notice in South Africa, and  
1517 there is a kingdom called Bafulking, discovered a platinum  
1518 strip, and the queen mother says I am sending my young people  
1519 west so that they can learn how to mine that platinum and the

1520 money can go directly to our villagers. And they can build  
1521 the new shining city on the hill. So there are many  
1522 different things going, but I would like to--and this is  
1523 directed to anyone on the panel that would like to respond.  
1524 How can we use commercial investment in agribusiness to  
1525 endure when climate change is a reality? Some people want to  
1526 stay it is not, but--and you know there are certain areas of  
1527 the continent that have been under a drought for 7 to 10  
1528 years.

1529 But what actions can be taken now to mitigate the  
1530 negative effects of climate change by U.S. government and by  
1531 businesses? Anyone want to take that on? Okay, Mr. Hayes.

1532 Mr. {Hayes.} Sure. Thank you, Congresswoman. I have  
1533 been to Bafulking as well and met with the king. It is also  
1534 as you know, the highest--one of the highest incidents of  
1535 HIV/AIDS in the world as well. So it is just tremendous  
1536 challenges there, and I applaud that program.

1537 Ms. {Watson.} Is that the Daimler Chrysler program?

1538 Mr. {Hayes.} No, I actually lead the Daimler Chrysler  
1539 delegation program. I am talking about the Queens program  
1540 and the education. So thank you, yes, we were--the Corporate  
1541 Counsel on Africa was leading that.

1542 Ms. {Watson.} Right.

1543 Mr. {Hayes.} Thank you. The issue of agribusiness is

1544 an area--and my concern is that I think the United States has  
1545 a critical challenge on Africa, partly because of China,  
1546 partly because of the economic partnership agreements, which  
1547 I think is another form of colonialism from Europe that are  
1548 coming in. And also I think your point is--and one of the  
1549 problems, I think that would happen on interviewing CEOs is  
1550 asking have you ever been to Africa. Most CEOs have never  
1551 been to Africa. They are the ones that ultimately--they have  
1552 their own kingdoms. They make the decisions of where they  
1553 go, and until we get more corporate executives exposed to  
1554 Africa--

1555       Ms. {Watson.} I just have to tell you this. Let me  
1556 interrupt you for a minute. When I first came back and came  
1557 to Congress, I was number 45 out of 45 on foreign relations,  
1558 and I would hear our members talking about Africa and there  
1559 is a program here that is working real well, we are going to  
1560 pick it up and put it here. And I am saying do you really  
1561 understand that Africa is a continent--

1562       Mr. {Hayes.} Right.

1563       Ms. {Watson.} --with 54 nations on it, 22,000  
1564 languages--22,000 tribes, 16,000 languages, and they are so  
1565 different. And so so many, too many people don't really  
1566 understand how villages work, how tribes work, how  
1567 communities work.

1568 Mr. {Hayes.} That is exactly right and there are also a  
1569 number of countries who are doing things very well and still  
1570 not getting U.S. investment.

1571 Ms. {Watson.} Yes.

1572 Mr. {Hayes.} They meet the requirements at MCC.  
1573 Botswana is another great example where they are doing all  
1574 the right things and still not getting the investment. And  
1575 so I think the questions have to go deeper, more into U.S.  
1576 attitudes and so forth.

1577 In terms of agribusiness, I think there is areas in  
1578 which to help our own economy, we have to look at what are  
1579 the areas of Africa where the United States has a competitive  
1580 advantage, and how do we help those industries develop more?  
1581 Agribusiness is very key to that, as is infrastructure. We  
1582 can compete with anybody in the world on an equal playing  
1583 ground. We also, I think, can help the villages far more  
1584 effectively than almost any country in the world. And so I  
1585 think that we have--where the government and the private  
1586 sector can work together in addressing the issues. And as  
1587 you noted my written statement, climate change is, I think,  
1588 critical. And we have to address that. We have to plan that  
1589 now and not be into another reaction to a failing, but  
1590 planning an impact how we can do that.

1591 I think the agribusiness sector, I think our research

1592 universities can face that, now can work with Africa, not  
1593 simply for but with Africa, and make a huge difference. But  
1594 I think the government has to also come out and say this is  
1595 important to us and talk to the American government and say  
1596 to the private sector, it is time you became more engaged,  
1597 and we are going to help you become more engaged. We are  
1598 going to help you become more engaged by having more access  
1599 to financing. There is hardly an American bank that is  
1600 willing to finance an American business to work in Africa.  
1601 So we have to look at those issues as well. I have gone on  
1602 too long so I--

1603 Ms. {Watson.} Thank you. If I can take another minute,  
1604 Mr. Chairman. I want to address this to you, Ms. Tandy, and  
1605 your company has done, as you described, a great deal of  
1606 phenomenal work in Africa. And when you expend broadband  
1607 coverage, there is a problem that jumps up, and the cost of  
1608 Internet access is rarely the determining factor in  
1609 purchasing or using. So how effective is an expensive  
1610 broadband network throughout Morocco when the majority of  
1611 citizens do not have computers?

1612 Ms. {Tandy.} Thank you for your question. It is a  
1613 trial in Morocco, but the importance that we found is that  
1614 extending broadband is really about connecting everyone. And  
1615 the trial is to bring mobile broadband, the ability to move

1616 data as you move, and these--it is significant that this  
1617 trial has come to Africa. This is a growing and developing  
1618 technology around the world that has not found its footing  
1619 everywhere yet. So I think that this is a doorway for Africa  
1620 and certainly extending broadband is part of moving an entire  
1621 culture forward down the road.

1622 Ms. {Watson.} Would your company be willing to, say,  
1623 donate laptops to the village schools so every child in their  
1624 primary education can become familiar? Now, expense is a  
1625 real problem. The cost if it is a real problem, so do you  
1626 have any programs like that where you would donate and help  
1627 young people become accustomed to using this modern  
1628 technology as they are in Iran?

1629 Ms. {Tandy.} Thank you for your question. We actually  
1630 are, as I mentioned, supporting schools in South Africa and  
1631 that is not the full extent of our support to building that  
1632 kind of capacity. We have, through our foundation, provided  
1633 a great deal of product in kind support as well as funding,  
1634 which I can detail for you later. But it includes a school  
1635 for entrepreneurship and supporting also the South African  
1636 Women's Entrepreneurship Network with grant money to them as  
1637 well as the Pathways Education Center in the eastern cape of  
1638 South Africa. Whether that includes laptops specifically in  
1639 those instances, I would have to get back to you on that.

1640           We have actually contributed a great deal of product and  
1641 in kind and cash contributions whether it was for laptops,  
1642 the ability to move data by phones, by cellular phones off of  
1643 the cellular wireless infrastructure, as well as phones for  
1644 health, which we contributed millions of dollars to as well  
1645 as--excuse me, I was--we have contributed a great deal of  
1646 product and support for that. And we have contributed  
1647 millions of dollars to Product Red, and over almost \$28, \$29  
1648 million to Product Red. So how much of all of that gets  
1649 converted into laptops for youth, I will determine and get  
1650 back to you.

1651           Ms. {Watson.} Well, I just want to say, I am sure the  
1652 world is watching and wants to comment on the way that  
1653 technology is being used in Iran to alert the rest of the  
1654 world as to what is going on. And I think the more, as you  
1655 say, hookup throughout this globe, what is happening in  
1656 countries, the more knowledgeable we can become and the more  
1657 we can have impact in a positive way in these developing  
1658 nations.

1659           And I just want to end with you, Dr. Cook. We have had  
1660 hearings in our Oversight Committee and also in our Foreign  
1661 Relations Committee, and we are looking at the way NGOs are  
1662 working, the way AGOA is being used, the Millennium Fund, and  
1663 so on. What can we do under this administration to improve

1664 on what needs to be done in Africa to be able to motivate  
1665 Americans, and particularly African Americans, to go back to  
1666 source and to help these developing nations? I thought you  
1667 might just want to summarize what we can do.

1668 Ms. {Cook.} Thank you for your question. I think one  
1669 of the first things that can be done--you will forgive me for  
1670 being an economist--and that is make sure we have data on  
1671 what works. We are just getting data from the Millennium  
1672 Challenge Corporation, and I think it is going to be critical  
1673 that on the face of it, it certainly seems like it is  
1674 working, it is doing good things. How well it is working,  
1675 what incentives countries are responding to is going to be  
1676 critical to know. So that is the first thing.

1677 The second thing in terms of getting people interested,  
1678 I will report from my own courses that I teach on Africa, on  
1679 the economics of Sub-Saharan Africa. I don't think we need  
1680 to do much to get people interested. There are so many  
1681 people signing up for my courses it is astounding, and my  
1682 colleagues don't believe it. They think I am making numbers  
1683 up.

1684 So I think what we have to do is to show more in terms  
1685 of the media, the heterogeneity of Africa, that it is not  
1686 just one country. Colleagues here have said that. It is not  
1687 just one country. Well, actually you have said it as well.

1688 That there are places where there can be contributions made,  
1689 and they can make them in very different ways. They can make  
1690 them as volunteers through summer opportunities. They can do  
1691 it through study abroad. Michigan State has the largest  
1692 study abroad program of any public university. So I think  
1693 that these are definitely ways that we can connect and try to  
1694 get students to give back or young people in general to give  
1695 back.

1696 Ms. {Watson.} You know what I find is really at the  
1697 core of this is the follow through. You know we get loads of  
1698 people who are interested, and they come and they sit in the  
1699 workshop. But when it comes to investing your money in a  
1700 continent that is so far away and so unfamiliar to many  
1701 people, that is where the line is stopped. And thank you,  
1702 Mr. Chairman, for the extra time. That was just a comment.  
1703 You don't need to answer it.

1704 Mr. {Payne.} Thank you very much. Mr. Smith.

1705 Mr. {Smith.} Thank you very much, Mr. Chairman. Thank  
1706 you all for your testimonies and your great analysis of so  
1707 many issues vis-à-vis Africa. Mr. Hayes, in reading over  
1708 your book, which I think really is a comprehensive attempt to  
1709 try to really move the ball forward, you point out on chapter  
1710 seven on the health care part, that the business of health in  
1711 Africa predicts a doubling of the African health care market

1712 by 2016, and you talk about the importance of the private  
1713 sector. You talk about not-for-profit NGOs as well as  
1714 commercial and for-profit. And I am wondering--and I am sure  
1715 this is part of the not-for-profit part--but the faith-based  
1716 health care initiatives that the Catholic church, the  
1717 Anglican church and so many others do. We found and continue  
1718 to find that Petfar has worked as well as it has worked  
1719 primarily--not primarily, but to a large extent because of  
1720 the faith-based health care infrastructure that is  
1721 preexisting and very easily could be built upon.

1722         And it seems to me--and I have visited myself and I know  
1723 Don has done this as well--many of the Petfar initiatives, I  
1724 remember one in Uganda where a church-based, in this case  
1725 Catholic church-based and the ARVs and the prevention  
1726 programs and everything else, mother to child, through a army  
1727 of volunteers under the rubric of or under the canopy of a  
1728 Lady of--I am trying to remember the name of it, but it will  
1729 come to me. It was just amazing how they were able to  
1730 mobilize so many people.

1731         And it seems to me the best bang for the buck and the  
1732 investment, you know, at least to some extent needs to be  
1733 focused on that. You might want to speak to that.

1734         And you also, on infrastructure, I think you make an  
1735 excellent point about unfocused and minimal U.S. government

1736 resources promoting infrastructure development dampen and  
1737 inhibit U.S. private sector engagement in Africa. And then  
1738 you pointed out that the EU has done much more and others.  
1739 And maybe all of you might want to speak to that because I  
1740 think the Millennium Challenge has done some good, but it  
1741 needs to do much more. Needs more money to do it.

1742         You know I will never forget one of my many trips, being  
1743 told by some farmers, and this was in DR Congo, that they  
1744 could grow anything. They just can't get it to market. And  
1745 then we rode on some of the roads that they, you know, wanted  
1746 to take their product to market, and it was like being on the  
1747 moon. I mean the huge, huge potholes were incredible. We  
1748 are going around them and through them.

1749         So if you could speak to that issue of infrastructure.  
1750 As you pointed out, it is the backbone of Africa's  
1751 development. The AU has found that. I do have a few other  
1752 questions but just--

1753         Mr. {Hayes.} Sure, I couldn't agree with you more on  
1754 the faith-based institutions. I think they have made all the  
1755 difference in Petfar. They are important. They are vital in  
1756 terms of getting to villages, getting to the people. I think  
1757 they have been very important. Our own institution, as you  
1758 may recall, is the organization that drove Petfar through. I  
1759 was the president of that organization that created a

1760 separate non-profit to drive that legislation through, and I  
1761 am very proud of the fact that it is working. I would agree  
1762 with you it is working very well. I think again it is a  
1763 great example of what has been done.

1764 I think--and you also gave me too much credit. It is  
1765 not my book. Actually my organization certainly, but over  
1766 100 companies worked together on this over three months  
1767 really trying to--took it very seriously. It was the health-  
1768 related companies particularly saying that look, there is a  
1769 great field to not simply address the illnesses, but there is  
1770 a great market to build a health-based system throughout  
1771 Africa, the hospitals, so they are much more able to care for  
1772 their system. And it is simply not responding to health  
1773 crises but in fact, there is an opportunity for U.S.  
1774 businesses to help build health institutions so that they are  
1775 healthier in the long term.

1776 On infrastructure, that is, I think, the greatest need  
1777 in Africa. I think all of us recognize that. It is also an  
1778 area where, in agreeing with Dr. Cook, I don't think there is  
1779 a lot that we need to do. There is just some spatial things  
1780 that we need to do that would open it more for the U.S.  
1781 infrastructure industry to make a difference in Africa.

1782 The ambassador for Equatorial Guinea came to me, and I  
1783 was talking about why are we doing China. She said well,

1784 China can do it at one-eighth the cost of the American  
1785 companies. And I said yes, but do you want to repair the  
1786 roads eight times more for that cost.

1787 I think that with concerted public/private cooperation  
1788 and particularly we can get jobs for Americans as well as  
1789 create infrastructure in Africa which creates jobs for  
1790 Africans. So I think there is a real role for cooperation  
1791 and public/private partnerships. Did that take your  
1792 questions?

1793 Mr. {Smith.} No, thank you. Appreciate that. And let  
1794 me just ask you a couple other very brief questions. On  
1795 microcredit lending and microfinancing, what role do you all  
1796 think that plays? You know, we spent a little over \$200  
1797 million, but obviously it is helping the poorest of the poor  
1798 in many cases. But it seems to me at some point, that begins  
1799 to build an infrastructure and an entrepreneurial spirit  
1800 among some that could be translated into a bigger and better  
1801 Africa in terms of its economic growth.

1802 And on trafficking, I asked this of the first panel.  
1803 And another issue related to human rights would be labor  
1804 rights. We know that China has a awful record when it comes  
1805 to--they don't have any independent labor unions. There are  
1806 a lot of wildcat strikes now going on in China because--and  
1807 they are even focused against U.S. corporations because they

1808 want what Lech Walesa and what the United States and many  
1809 other countries almost--he promoted what we kind of take for  
1810 granted. That is fundamental rights of a labor union,  
1811 collective bargaining, and OSHA type regulations.

1812         As Africa builds up, what role do you see labor unions  
1813 playing in Africa's development so that the worker, the men  
1814 and women on the ground who do the hard work, get their fair  
1815 share of benefits?

1816         And again on trafficking, you know, it seems to me we  
1817 all have to be very, very aggressive in integrating  
1818 trafficking concepts, minimum standards as we prescribe in  
1819 the TIP report and our law. You might want to speak to that  
1820 as well because I think very easily a workforce can be  
1821 exploited while, you know, the CEOs and others may look  
1822 askance.

1823         Ms. {Cook.} Thank you for these questions. I will  
1824 start with your question about trafficking. I think you have  
1825 hit on something extremely important, and I think that the  
1826 way to end trafficking or at least minimize it is to provide  
1827 opportunities for those who get trafficked. So if you are  
1828 providing opportunities for young women who would otherwise  
1829 be working in, say, footwear factories who have more  
1830 independence because they have jobs, I think this is the way  
1831 to approach it. And I think this is the only way that is

1832 going to minimize the incentive to round up the vulnerable  
1833 and put them through this pipeline that is global.

1834           On the second issue on microcredit, I think you touch  
1835 on something very important again, and this is something that  
1836 is the focus of my research. I think microcredit can be  
1837 transformative, and I have worked on it in Nigeria and in  
1838 other places. And once again, it provides some of the most  
1839 vulnerable people with independence of some sort. So there  
1840 is an incentive for them to invest in the economy and think  
1841 outside the box or think inside the box, just they have the  
1842 tools to be able to do them.

1843           And I think that microcredit actually is not just sort  
1844 of the NGO that we are often talking about, the Grameen model  
1845 that we are more familiar with. Most of the banks in most of  
1846 these countries are microcredit, and anything we can do to  
1847 support them, I think would be useful. Support them in terms  
1848 of supervision and consultations, but otherwise I think it  
1849 can be transformative for the very reason that you have  
1850 suggested.

1851           Mr. {Lebedev.} I think it is useful to add, and it also  
1852 touches on some of the things that Congresswoman Watson  
1853 talked about earlier. Whether it is microfinance activity,  
1854 which can be transformative, whether it is American or other  
1855 business, that changes the nature of the communities in which

1856 they work, there are a variety of developmental and  
1857 commercial activities that have for years affected and  
1858 touched parts and pieces of these countries.

1859         The dilemma is nothing connects them very well. These  
1860 become too frequently success stories, but isolated success  
1861 stories. And I think this is not an observation of one or  
1862 the other. You got to do all that, but what we also have to  
1863 do is recognize that on any given day in any one of these  
1864 countries, the inattention or indifference of their  
1865 government can wipe out all of this progress.

1866         And so at one level, we have to continually affect  
1867 positively the communities in a variety of ways, work through  
1868 the faith-based organizations. But at the same time, use the  
1869 incentives of the MCC, which is designed to focus on those  
1870 governments, in effect, that are leaning in the right  
1871 direction, that are sending the right signals with respect to  
1872 the way they choose to govern and lead their countries. We  
1873 cannot lose sight of the fact that pressure on governments is  
1874 the one way that we can preserve the gains that we will make  
1875 selectively and in small ways throughout many of these  
1876 countries.

1877         Mr. {Hayes.} There is one other part to that too, and I  
1878 think Mr. Lebedev just hit on it too. Microfinance is very  
1879 good in a number of areas, but there is a gap in the need for

1880 financing for everything between microfinancing and the giant  
1881 corporations. The people who need the financing the build  
1882 the businesses in the large urban areas especially, there is  
1883 very little financing available from either the African banks  
1884 and certainly almost none from the U.S. banks. We have to  
1885 find a way--and in equity funds, we will take a fund of \$10  
1886 million, you know, often invest \$10 million or more. But the  
1887 investments that we need to be making are the \$25,000 to  
1888 \$50,000, \$100,000 for small or medium-sized businesses to  
1889 make a difference. That is lacking.

1890 Mr. {Smith.} Can I just ask one final question?

1891 Mr. {Payne.} We really--

1892 Mr. {Smith.} Running out of time?

1893 Mr. {Payne.} Yeah, I gave you about 12 minutes on this  
1894 last one. So I better let Chairman Rush--but I think the  
1895 points are certainly well taken. I wish we did have time to  
1896 really go further in it, but Mr. Rush.

1897 Mr. {Rush.} Thank you, Mr. Chairman. I think that both  
1898 of you, Mr. Hayes and Mr. Lebedev, your responses have been  
1899 quite pertinent and informative especially as it relates to  
1900 the small to medium-sized businesses. And in your answer to  
1901 Mr. Smith's question, you answered the first question that I  
1902 had, but I do have another question, and it is a general  
1903 question. And I would like to ask the four panelists just to

1904 respond.

1905           And I want to focus on the Diaspora. You know, in the  
1906 U.S., it has been estimated that we got 1.4 million African  
1907 immigrants living in the United States, and the overwhelming  
1908 majority of them are educated, and they are entrepreneurial  
1909 in a lot of different ways. As a matter of fact, in some of  
1910 our countries, in my district in some of my communities, they  
1911 are leading entrepreneurs, owners of small retail businesses  
1912 and professional services in my district. They transfer, as  
1913 has been estimated, about \$40 billion back to Africa to  
1914 support families.

1915           Now, these are individual who have a strong  
1916 understanding of the culture and economic environment of  
1917 their home countries. They understand American business,  
1918 American know-how, and they have been able to be successful  
1919 businesses here in this country.

1920           How can we engage that element, that force, in a  
1921 positive way? I think we should call upon them and encourage  
1922 them to get involved and not just leave it up to the folks  
1923 back home. Would you all respond to that please? Ms. Tandy,  
1924 you can just in also on this. Start with--

1925           Ms. {Cook.} I think this is a really interesting and  
1926 almost intractable problem it seems because, for instance in  
1927 Nigeria, I was advising the President Obasangu with Jeffrey

1928 Sacks before, and one of the things that Obasangu was trying  
1929 to do was come up with a list of all professionals, all  
1930 Nigerian professionals living abroad. The first statistic  
1931 that came across my desk was that a quarter of the health  
1932 service in Great Britain was staffed by Nigerian doctors, and  
1933 I mean and the question is whether this is an underestimate  
1934 rather than the true number.

1935 But they are definitely everywhere. High human capital  
1936 everywhere. The economists published an article in I think  
1937 it was about 1996 saying that the most educated group--it is  
1938 a very, very small group. The most educated group coming to  
1939 the U.S. is from Africa, and that is a very small number of  
1940 visas, very small number of people coming. That is a talent  
1941 pool that can be tapped, and I think it can be tapped in  
1942 several different ways.

1943 Congresswoman Watson was talking about the introduction  
1944 to Africa, and I think this is where they can be critical. I  
1945 will not take my friends to--I will take my friends to Africa  
1946 in a sequence. They have to get used to the environment  
1947 before they actually sort of fall in love with Africa as, I  
1948 think, everyone eventually does.

1949 But I think this is where they are going to be critical,  
1950 critical in interpreting signals, critical in interpreting  
1951 the linkages that are able to be tapped, and also we have to

1952 be careful because just as you see in Iran, those people who  
1953 have been outside and educated and are trying to make their  
1954 way back inside, sometimes they are not welcomed and embraced  
1955 as we think they might be. So we have to be very careful  
1956 about how we are leveraging their services, their knowledge.  
1957 But I think there is something there to be tapped  
1958 nonetheless.

1959           Mr. {Hayes.} I would also say that I think right now  
1960 the Diaspora is probably the leading investor in Africa, but  
1961 it is going by way of remittances and by the millions and  
1962 overall billions when you look over. So it is going back to  
1963 families, but the amount is enormous. Now, if you could  
1964 transform that into investment as opposed to sustenance of  
1965 families.

1966           I seem to be following Congressman Payne everywhere he  
1967 goes in Africa lately, and he was in Zimbabwe right before I  
1968 was, but the--as well as a few other countries. But when I  
1969 went to Zimbabwe, I was staggered by the fact that the bank,  
1970 they said look, the second largest investor right now in  
1971 Zimbabwe Diaspora community, and I had no idea there was such  
1972 a large Zimbabwe and Diaspora community. You know, I would  
1973 assume it came from South Africa. He said no, Britain and  
1974 then followed by the United States, there is more remittances  
1975 back to Zimbabwe through the expatriate community, the

1976 Diaspora than any other country.

1977           So how do you translate that though into real  
1978 investment? If you could translate that into real  
1979 investment, the amount of money they are putting in is much  
1980 more than some countries are putting in. So that is the  
1981 challenge. I don't have an easy answer for you.

1982           Mr. {Lebedev.} Well, Mr. Chairman, it is actually a  
1983 very interesting question that you raise because the  
1984 Diaspora, and it is really multiple Diasporas since there are  
1985 many countries. But they really are a great resource, and to  
1986 Dr. Cook's point, they bring in a cultural and emotional  
1987 understanding to the marketplace that in fact would be  
1988 invaluable.

1989           One of the things the chamber is doing right now is  
1990 working with folks who are part of the Liberian Diaspora who  
1991 are moving back, and we have a project ongoing that is hoping  
1992 to link them with existing businesses. So in a manner of  
1993 speaking, they become a technical and cultural resource as  
1994 foreigners try to set up enterprises there using them as part  
1995 of that process. They have the potential to be invaluable.  
1996 It also is an opportunity for them because they can become  
1997 stand-alone enterprises in their own right as they are part  
1998 of a process. But I think it is a question that is worthy of  
1999 far deeper exploration that you raise.

2000 Ms. {Tandy.} Thank you, Mr. Chairman. Motorola is  
2001 actually focused on trying to prevent the Diaspora. We are  
2002 focused on the e-learning and bringing opportunities to rural  
2003 Africa to connect through distance learning and stay home and  
2004 build and invest in Africa and build Africa from within.

2005 So I am in a poor position to address the possibilities  
2006 of the community, the larger community within the United  
2007 States and how to leverage that. We are very focused on  
2008 investing within the population within Africa.

2009 Mr. {Payne.} Thank you. Let us see. Ms. Woolsey.

2010 Ms. {Woolsey.} Thank you, Mr. Chairman. Mr. Lebedev,  
2011 could you do me a favor and expand on your meaning of when  
2012 you referred to Africa's bad press and then a little bit  
2013 later African stereotypes? I kind of thought I knew what you  
2014 were talking about, but then I thought well no, I don't know  
2015 what you are talking about. What does the U.S. Chamber of  
2016 Commerce mean by that?

2017 Mr. {Lebedev.} What I mean by that is that too often  
2018 the whole continent, as many of us have said, the whole  
2019 continent tends to be misunderstood as one homogeneous entity  
2020 when, in fact, it is more than 50 countries with their own  
2021 cultures and experiences. The problem is there has been a  
2022 history of violence and disruption in a number of African  
2023 countries as we all know.

2024           The unfortunate aspect is that the media tends to  
2025   portray that as just Africa, as if those bad experiences that  
2026   happen periodically and in fact are ongoing right now in  
2027   certain places, is a statement about the entire place, not a  
2028   particular incident or a particular country. And it is that  
2029   misrepresentation, that stereotype of a continent, if you  
2030   will, which we believe misrepresents the opportunities that  
2031   are there and badly, and does a tremendous disservice to  
2032   those competent African government officials, those superb  
2033   African business people who, in fact, deserve the  
2034   opportunities that are presented by foreign direct investment  
2035   trade and other business initiatives.

2036           Ms. {Woolsey.} Okay, thank you very much. Dr. Cook,  
2037   when you spoke of the product, the American product that is  
2038   going to Africa, I had this vision of landfills with all of  
2039   our--like we have in the United States of all of our  
2040   throwaway products. Is there any work going on so that  
2041   Africa doesn't repeat all of our same mistakes?

2042           Ms. {Cook.} So I would share your concern, but I would  
2043   have to beg ignorance here. I don't know the specifics of  
2044   the deal, but I would have the same concern about plastic  
2045   bottles or any kind of packaging winding up in large  
2046   landfills in Africa. But I would agree that this would be an  
2047   important component and one that we should pay attention to

2048 when striking these deals.

2049 Ms. {Woolsey.} Okay, well do you--and, Ms. Tandy, you  
2050 may want to respond to this. Are we providing Africa with  
2051 third and second-generation technology, or are we getting  
2052 there with the newest technologies, or is there an  
2053 affordability piece of that that we need to take into  
2054 consideration?

2055 Ms. {Tandy.} Motorola has been working very closely  
2056 with our carrier partners throughout Africa, and Africa is  
2057 receiving the current technology. And, as I mentioned, the  
2058 future technology has now entered Africa with the WiMAX trial  
2059 that just launched this past spring. So I think Africa is at  
2060 the same level as the rest of the continents. The rural  
2061 segments of Africa and the infrastructure that needs to be  
2062 built out into connecting the rural unconnected is certainly  
2063 a challenge and a key focus for the carriers as well as for  
2064 Motorola.

2065 Ms. {Woolsey.} Do you see any future for our clean  
2066 technologies being a product, an import to Africa?

2067 Ms. {Tandy.} We actually--as a company, we have had  
2068 some projects in Africa that I could provide you some more  
2069 information about. Some wind-powered projects in Namibia as  
2070 well as solar powered infrastructure that one of the mining  
2071 companies has utilized in the rural area of South Africa. So

2072 we do see some potential there.

2073 Ms. {Woolsey.} Anybody else?

2074 Mr. {Hayes.} Yes.

2075 Ms. {Woolsey.} Yes?

2076 Mr. {Hayes.} There is actually enormous potential on  
2077 the renewable energy resources. Germany and Sweden are  
2078 already doing quite a bit in Africa. South Africa is turning  
2079 to a lot of renewable resources in terms of its planning. So  
2080 there is just an enormous market there also for U.S.  
2081 companies of smaller to medium-sized to become engaged with  
2082 Africa. Again the issues of financing, where are they going  
2083 to get it to get in, and government coordination.

2084 Ms. {Woolsey.} Thank you very much.

2085 Mr. {Payne.} Thank you. Let me ask a question or two.  
2086 As we know, the U.S. imports primarily are Nigeria--well,  
2087 natural resources in generally speaking either mined products  
2088 or oil and so forth. And I am just wondering if there are,  
2089 in your opinion, any other promising markets? For example,  
2090 agriculture is, I think, underutilized. For example, in  
2091 Zimbabwe, they are getting ready to do a second crop. The  
2092 first crop was pretty good, but the second crop they expect  
2093 to be very good. In Nigeria, you could probably do three  
2094 crops.

2095 Are there any--and livestock with cost of commodities

2096 increasing. At least a year or so ago, they were very high.  
2097 They dropped a bit, but commodities are--and the whole, you  
2098 know, agriculture business, is something that is going to be  
2099 a strong industry. Has there been any work on the part of  
2100 the business, Steve, that maybe your corporate counsel or the  
2101 chamber that are trying to--I know you are in technology, Ms.  
2102 Tandy, so you wouldn't be telling people--you can't grow  
2103 computers. So I am just talking about the--what about that?  
2104 Have there been a stressing of that to African countries?

2105 Mr. {Hayes.} There has been on our part, and--but the  
2106 African countries know they can grow anything. Every country  
2107 can product agriculture. As you know, Zimbabwe could feed  
2108 the continent under the right circumstances. Again it  
2109 wouldn't take too much to change that.

2110 The issues are on two different ends. One is the  
2111 secondary and tertiary benefits on agribusiness, canning and  
2112 so forth. That production capacity is lacking. They could  
2113 sell to--with the production capacity, they could sell to the  
2114 United States market very easily. And so that is another  
2115 area where the United States companies, and certainly in  
2116 California with the canneries, could expand again with the  
2117 right inducements and the right encouragement.

2118 The second problem though again is the agricultural  
2119 subsidies here that prevent a lot of--that prevent

2120 competition from Africa. So we have to also address the  
2121 subsidy issues that Senator Luger has also pointed out. But  
2122 Agribusiness is greatly underutilized. I am concerned that  
2123 AGOA is too dependent on textiles. We have to broaden that,  
2124 and yes, so I have said enough.

2125       Mr. {Payne.} I agree with Senator Luger. I don't know  
2126 who agrees with whom first because I was talking about ending  
2127 agricultural subsidies, you know, right when I first came to  
2128 Congress. And I think we are finally hopefully going to get  
2129 around to that. I mean it is going to be slow and people  
2130 kicking and screaming, especially from our farm belt. But I  
2131 do see hopefully that subsidy, because it really is in  
2132 opposition to WTO and other world organizations.

2133       I wonder, Ms. Tandy, if there is any possibility for  
2134 technology to grow in Africa. For example, I understand that  
2135 Rwanda was interested in trying to see if they could wire  
2136 their country to be sort of a center for broadband or, you  
2137 know, are there any possibilities for that kind of--even why  
2138 not have a call center in Ghana where they speak English or  
2139 Kenya? You know you could probably less detect it than the  
2140 Indian saying I am Sam, you know, with this I am Sam, and I  
2141 live down the street so to speak. Is there any possibility  
2142 of having call centers in Africa in your opinion?

2143       Ms. {Tandy.} I don't know whether that has been

2144 explored. However it makes sense that it is certainly  
2145 possible in Africa. There are tremendous number of  
2146 entrepreneurs springing up throughout the continent that we  
2147 are also investing and giving grant money too and technology.  
2148 So there is no reason why a call center, as far as I know,  
2149 couldn't be part of the future in Africa.

2150         Mr. {Lebedev.} I would echo that, that Africa has a  
2151 wonderful resource of English language speakers. Certainly  
2152 there is some market maturation in India right now, and one  
2153 could argue that there might be cost competitive advantages  
2154 in Africa. So I think that, to your point and Ms. Tandy's  
2155 point, I think that is a sensible area in which to look.

2156         Going quickly to your question about agribusiness, I  
2157 think also again, as Steve said, creating the right  
2158 inducements to get the right companies there and even setting  
2159 aside the barriers to shipping back to the United States.  
2160 There is a billion people there that need to be fed, and too  
2161 many of these countries are already net importers of food.  
2162 And for sure there is an opportunity for domestic consumption  
2163 of a variety of things that big companies can help grow there  
2164 on the spot.

2165         Similarly, I think you could look at certain grains  
2166 because it is from grains that we can do some very  
2167 interesting things with biofuels. And again looking forward,

2168 these are the sorts of things that should be indigenous  
2169 industries in Africa. We wouldn't, you know, it would be  
2170 nice to have them sort of grow from the bottom up some  
2171 opportunities like that that also affect climate issues very  
2172 directly.

2173 Mr. {Payne.} Yes, Dr. Cook.

2174 Ms. {Cook.} So I think on the last point that you make,  
2175 this is really perceptive in terms of technology. When I was  
2176 advising the Rwandan government for its first post-genocide  
2177 IMF program, one of the things that I included in terms of a  
2178 recommendation it was taking advantage of the fact that 90  
2179 percent of its phone system was digital. There is no other  
2180 phone system in Africa that could claim that. And this  
2181 provides a number of different opportunities, a number of  
2182 different applications that would be possible through this  
2183 digital system.

2184 So I think that there are a number of opportunities not  
2185 just with call centers. I was suggesting that it become the  
2186 Memphis of Africa in terms of Memphis being the center of  
2187 FedEx where FedEx is located. And it is centrally located.  
2188 If you can have high school graduates who could use  
2189 technology really easily, this is a great place to locate  
2190 that kind of application.

2191 But to go back to your first question about what kind of

2192 agricultural products might the U.S. partner with Africa to  
2193 develop. Specialty coffee and teas. I was mentioning before  
2194 that Kenyan and Ethiopian coffees are becoming ubiquitous in  
2195 America, and I think that the same is true for Burundi. I  
2196 mean this is a burgeoning market for Tanzania, for other  
2197 countries in east Africa.

2198       Tourism. So I think that developing tourism is a non-  
2199 trivial thing in Africa. I think it could have huge  
2200 benefits. It is a niche market, but it is a niche market  
2201 just like specialty coffees and teas. And I think it is  
2202 growing by leaps and bounds.

2203       And in terms of other kinds of agricultural products,  
2204 cassava, I think that this is all over Africa. And it has so  
2205 many different applications. It is almost like our garlic,  
2206 and there are so many different things it could be used for.  
2207 Biofuel, starch in clothes, dyes. And I think that if there  
2208 was a way we could help with developing their research to be  
2209 able to use these products, I think we would be doing them a  
2210 tremendous service, and we would benefit from that too  
2211 because I think we would learn a lot more from these products  
2212 that we don't have that aren't indigenous to the U.S.

2213       Mr. {Payne.} Well, that is good. When you mentioned  
2214 Memphis, I thought they were doing some blues over there.  
2215 But no, so the--let me--I have just been informed that

2216 President Dubaki just recently connected the first of several  
2217 fiber optic cables in Mombasa. So this seems like they are  
2218 starting to move forward in that regard, and I do think there  
2219 are tremendous opportunities.

2220 Let me certainly thank the panel, and I thank all of you  
2221 for your patience. Once again we apologize for this day. It  
2222 will be the same tomorrow though and Friday. So you wouldn't  
2223 have escaped it if it was not on this day. And so we do  
2224 intend to have a follow up.

2225 Chairman Rush has a strong interest and since his  
2226 jurisdiction is commerce, trade, and consumer protection, we  
2227 are really going to try to work together. This is probably  
2228 the first time this particular subcommittee have dealt with  
2229 trade in Africa, and it just happens that his interests  
2230 coincide with the interest of the Africa and Global Health  
2231 Subcommittee. So I think that we will try to really have  
2232 some Rush-Payne or Payne-Rush activities to see if we could  
2233 kind of stimulate this area.

2234 And I would like to thank the members who did come and  
2235 stay. Let me just conclude by saying I ask unanimous consent  
2236 from members to submit additional questions for the record,  
2237 and for members to have five days to revise and extend their  
2238 remarks. Without objection, so ordered.

2239 Secondly, I ask unanimous consent for entering into the

2240 record a statement provided by Francois Baird about a survey  
2241 of the views of U.S. corporate executives about foreign  
2242 direct investment in Africa. Without objection, so ordered.  
2243 Thank you very much. The meeting is adjourned.  
2244 [Whereupon, at 5:55 p.m., the subcommittees were  
2245 adjourned.]