2004-06-24

APARC Communiqué: Summer 2004

Boston University African Presidential Center

Boston University

http://hdl.handle.net/2144/20906

Boston University
Africa is open for business, was the prevailing sentiment of the former African heads of state moderating the transcontinental summit at Boston University’s London and Boston campuses. On April 22-28, 2004, the African Presidential Archives and Research Center at Boston University (APARC) convened eight elder statesmen, along with a distinguished group of public and private sector leaders from around the world to discuss capital flows and free market reform in Africa.

“A new era is emerging in Africa,” said former Mauritian president and current APARC Balfour African President-in-Residence Karl Offmann at the press conference concluding the African Presidential Roundtable 2004. African initiatives such as the New Economics Partnership for Africa’s Development (NEPAD) and the African Union (AU), as well as the U.K. Commission for Africa, the U.S. Millennium Challenge Account, and the African Growth and Opportunity Act (AGOA) reinforce that Africa has never been more primed to take its place in the global economy, and global cooperation is needed for this to happen. Sir Q. Ketumile Masire, former president of Botswana, co-chaired the press conference and emphasized, “Africa is not a competitor to America, but potentially one of America’s most reliable partners.” The closed-door talks focused on British Prime Minister Tony Blair’s present African initiative, strategies to increase capital flows to Africa, and the status of efforts to extend AGOA.

Former presidents Offmann and Masire were joined by former presidents Nicéphore D. Soglo of Benin, Jerry Rawlings of Ghana, Ali Hassan Mwinyi of Tanzania, Aristide Pereira and António Monterio of Cape Verde, and former Prime Minister Navinchandra Ramgoolam of Mauritius. Among the 125 participants in the closed-door Roundtable were AGOA Acceleration Act co-sponsor U.S. Congressman Richard Neal, Corporate Council on Africa (CCA) president Stephen Hayes, and former chairman of the U.S. Ex-Im Bank James Harmon. Also represented were private sector leaders from the IMF, ChevronTexaco, Diageo Africa, and De La Rue plc. From the public sector were USAID Sarah Moten, U.S. ambassadors to Botswana, Ghana, and Mauritius; the Ambassadors of Cape
Thursday, April 22, 2004

9:00 AM  Registration & Breakfast
          Boston University Liaison Office
          43 Harrington Gardens

10:00 AM  SESSION I - UK COMMISSION FOR AFRICA
          Presenters:
          Graham Stegman, Director of the Africa Division
          Graham Teskey, Head of Africa Policy,
          Department for International Development (DFID)
          Andrew Jackson, Theme Coordinator, Secretariat to the Commission for Africa

12:00 PM  Working Lunch

1:15 PM   SESSION II - ATTRACTING CAPITAL TO AFRICA: CAN IT BE ACHIEVED?
          Presenter:
          Dr. Witney Schneidman, President of Schneidman & Associates International

3:30 PM   Press Conference

5:00 PM   Reception Honoring Former African Heads of State
          Millennium Gloucester Hotel
          4-18 Harrington Gardens

7:15 PM   Private Dinner for Roundtable Participants
          Hosted by Sir John Bond
          Group Chairman, HSBC Holdings plc
          The Bentley Hotel
          27-33 Harrington Gardens
Tuesday & Wednesday, April 27 & 28, 2004

Tuesday, April 27, 2004
8:15 AM Registration and Continental Breakfast
Metcalf Trustee Hall, One Sherborn Street, 9th Floor

9:00 AM SESSION I - AGOA ACCELERATION ACT
Presenters: Congressman Richard E. Neal, D-MA
Percy Wilson, President of U.S. Africa Trade and Aid Link Corporation (UATALCO)

12:00 PM Working Lunch

1:30 PM SESSION II - COMMISSION ON CAPITAL FLOWS TO AFRICA UPDATE
Presenter: Mr. James Harmon, Chairman, Harmon & Co.

6:00 PM AFRICAN PRESIDENTIAL ROUNDTABLE 2004 FORUM
U.S. - Africa Relations: Post Madrid and 9/11
Tsai Performance Center, 685 Commonwealth Avenue
Moderator: Karen Holmes Ward, WCVB-TV, Boston
Panelists: Six Former African Heads of State

8:00 PM Private Dinner for Roundtable Participants
Hosted by Dr. Aram V. Chobanian, President ad interim of Boston University
Metcalf Trustee Hall, One Sherborn Street, 9th Floor

Wednesday, April 28, 2004
8:15 AM Registration and Continental Breakfast
Metcalf Trustee Hall, One Sherborn Street, 9th Floor

9:00 AM SESSION III - THE CORPORATE COUNCIL ON AFRICA
Presenter: Stephen Hayes, President, The Corporate Council on Africa

12:00 PM Working Lunch

1:00 PM Press Conference, Executive Leadership Area (Room 426), One Sherborn Street

6:00 PM Cocktail Reception, Four Seasons Hotel, 200 Boylston Street, Boston

7:00 PM African Presidential Dinner honoring the Former African Heads of State
Mistress of Ceremony: Karen Holmes Ward, WCVB-TV, Boston
International Host Committee Chair: Thomas P. O’Neill, III
President, O’Neill & Associates
I wish to begin my remarks by stating that we have just concluded an unprecedented transcontinental Presidential Roundtable hosted by the African Presidential Archives and Research Center at Boston University. We began our deliberations in London last week and reconvened here in Boston this week. On both sides of the Atlantic we exchanged views on many issues that are of interest to Africa, the United States of America, and the European Union. I must say that this occasion was a wonderful reunion with my fellow retirees Their Excellencies Nicéphore Soglo of Benin, Aristide Pereira and António Monterio of Cape Verde, Ali Hassan Mwinyi of Tanzania, Jerry Rawlings of Ghana, and Navichandra Ramgoolam of Mauritius.

I wish to thank these distinguished statesmen for gracing the meetings, and more importantly, for their continued service to humanity. Let me assure them that the Center greatly values their contributions and wise counsel.

One other name that deserves particular mention is that of Ambassador Charles Stith, director of the African Presidential Archives and Research Center at Boston University. I commend him for his leadership and hard work in making this Roundtable happen. Though he is not here today, I also want to thank Boston University President Aram Chobanian for the gracious hospitality he has extended to us since we’ve been here and for his support of Ambassador Stith and the African Presidential Archives and Research Center. APARC is the perfect complement to Boston University’s historic leadership in the area of African studies.

There are a number of reasons that we convened in both London and Boston. First, London is one of the world’s major money centers; in a discussion about capital flows it pays to be where the money is. Secondly, there is a long, deep, and complicated economic relationship between the U.K. and Africa. As Africa seeks greater access to the world’s capital markets, there is a special role and opportunity for the U.K. to play in this regard. Because of Prime Minister Tony Blair’s new Commission on Africa, an incredibly fresh and exciting initiative created with musician Bob Geldof and the Department for International Development (DFID), insights that can be gleaned from our deliberations might be helpful to that effort.

As I am sure you are all aware, the commission is striving to, in the words of Tony Blair, “re-galvanize the international community”—a goal that their excellencies and I share and hope to achieve through these Roundtable discussions.

We proceeded to the United States to continue these discussions—with people like Congressman Richard Neal, Co-sponsor of the AGOA Acceleration Act; Percy Wilson, president of the U.S.-Africa Trade and Aid Link Corporation; James Harmon, chairman of the Commission on Financing Capital Flows to Africa; Stephen Hayes, President of the Corporate Council on Africa, and other public and private sector leaders—because the present discussions taking place in the United States Congress regarding AGOA III are critical to Africa’s future. In an election year, trade bills tend
to be a bit sensitive, particularly in an environment where the economy is soft. We hope coming to the U.S. for these discussions reinforces to President George W. Bush and Congress that passing AGOA III is in everyone’s interests. This past year U.S. clothing imports under AGOA totaled $1.4 billion. Extending AGOA and utilizing such things as tax incentives to strengthen AGOA could result in a $1.6 billion increase in foreign direct investment in Africa. A more prosperous Africa is a more lucrative market for America. Africa is not a competitor to America, but potentially one of America’s most reliable partners.

We have been involved in daylong, in-depth talks about the necessity of increasing business and capital flows to Africa. As the former heads of states of Botswana, Benin, Cape Verde, Ghana, Mauritius, and Tanzania, we felt that it was important to participate in these discussions for a couple of reasons. First of all, Africa has been excluded for too long in terms of having access to its fair place in the global economy. Secondly, Africa has never been more primed to take its place in the global economy. The reasons that Africa has gotten short shrift in the world capital markets are many and complex. Bob Geldof, a commissioner of the Commission for Africa, put his finger on something very important in trying to understand the problem; he said, “Africa’s problems can’t only be the result of corruption, debt, AIDS, and conflict. [The West has] such problems in spades—it’s just that [the West] is rich enough to surf them. Down there they die.”

Another aspect of the problem is the extent to which African economies are defined out of the world’s capital markets. In an article syndicated by the Bloomberg News, a JP Morgan analyst said that a company’s “over reliance on Africa for growth is not encouraging for the long-term brand,” no matter how profitable. If analysts continue to arbitrarily taint profits made in Africa, how can the continent ever hope to attract the capital it needs for growth and development? The countries that we had the privilege to serve as heads of state, and others like South Africa and Senegal, are serious about democratization and free market reform. The development of NEPAD, which is built on the twin pillars of good governance and sound economic policies, as well as the inauguration of the African Union, which reflects the same sentiments, are clear indications that as Africans we believe it is time that Africa, a continent of close to 800 million people and 53 countries, receive more than 4 percent of the private capital flows that fuel the global economy. Our purpose today is to say, “It is time to take the albatross of neglect from around Africa’s neck and replace it with a sign that says, ‘Africa is open for business.’”

Finally, the present global crisis gives an urgency to our concerns about Africa’s needs. We understand the need to rebuild Afghanistan. We understand the need to rebuild Iraq. We understand the need for the United States to focus on the terrorism that rocked that country on 9/11. But, having said that, let us add that the need to deal with terrorism should not become another reason for Africa’s neglect. Even more so, it is important to point out that there is a connection between America’s (and any country’s) national security and the economic security of developing nations around the world. This is not simply an African perspective it is something that has been agreed upon by both Prime Minister Tony Blair and President Jacque Chirac, even though they’ve disagreed on the strategy to deal with Iraq.

A new era is emerging in Africa. Democratic rule and economic liberalization are taking root in a number of African countries. This trend is commendable and should be encouraged. We are therefore optimistic about the future despite the present economic environment. The optimism we feel is fueled by our belief that the winds of democratic and economic reform blowing on the continent will continue. Furthermore, we are optimistic because of initiatives that have so far been taken, like AGOA, USAID’s stepped-up efforts, Corporate Council/World Bank...
THE FORMER AFRICAN HEADS OF STATE


HIS EXCELLENCY SIR Q. KETUMILE J. MASIRE, Republic of Botswana, Republic of Botswana, co-founded the Botswana Democratic Party (BDP) and served as president from 1980 to 1998. During his tenure, he was chairman of the Southern African Development Community (SADC). He now co-chairs the Global Coalition for Africa. He was knighted in 1991.

HIS EXCELLENCY ANTÓNIO MASCARENHAS MONTEIRO, Republic of Cape Verde, Republic of Cape Verde, became president in 1991 and was re-elected for a second term in 1996. Since leaving the Presidency in 2001, Monteiro has remained active in his home republic. As Chairman of the Contact Group of the Organization of African Unity (OAU), he was sent to Madagascar in March 2002 to mediate the conflict over the succession of the December 2001 presidential elections. He participated in the January 2003 Forum organized by the Global Coalition for Africa on “NEPAD and Security,” which was held in Accra, Ghana. In October 2003 he was named a member of the Club of Madrid, an organization of former heads of state and government working to strengthen democracy in the world.

HIS EXCELLENCY ARISTIDES MARIA PEREIRA, Republic of Cape Verde, was chief of telecommunications in Guinea Bissau in the 1950s and 1960s. From the late 1940s until Cape Verde’s independence, Pereira was heavily involved in the anti-colonial movement, rising through the hierarchy of his party, the Partido Africano da Independencia da Guiné e Cabo Verde, which he founded with Amilcar Cabral. On July 8, 1975, Pereira became the first President of the Republic of Cape Verde and played an important role in the building of the state of Cape Verde. During his three terms in office, Cape Verde was instrumental in several peace processes in Africa, primarily in Southern Africa. He played a pivotal role in the negotiations between South Africa and Angola and between the ANC and the Apartheid regime. He was among the first leaders in Africa who stepped down peacefully from politics when he lost a fair and open election in 1991.

HIS EXCELLENCY FLIGHT LIEUTENANT JERRY JOHN RAWLINGS, Republic of Ghana, directed the destiny of Ghana for nearly twenty years. First elected president of Ghana in 1992, he was re-elected in December 1996. Throughout his presidency he retained his rank as flight lieutenant in the Ghanaian Armed Forces.

HIS EXCELLENCY DR. NAVINCHANDRA RAMGOOLAM, Republic of Mauritius, served as prime minister from 1995 to 2000 and is currently the leader of the Mauritius Labour Party. The son of former Prime Minister Sir Seewoosagur Ramgoolam, he qualified as a medical practitioner in Great Britain, then earned a diploma in economics at the London School of Economics. He graduated in law in London, returning to Mauritius in 1990.

HIS EXCELLENCY ALI HASSAN MWINYI, United Republic of Tanzania, was first elected president of Tanzania in November 1985 and was reelected to a second five-year term in 1990. He initiated Tanzania’s political transition to a multi-party state. Under the term limits of Tanzania’s constitution, Mwinyi completed his presidency in 1995, following Tanzania’s first multi-party elections.


Jerry Rawlings  Navinchandra Ramgoolam
The creation of the commission in February reflects the urgent need to generate fresh, effective action for Africa. The upcoming year presents a significant opportunity for a major breakthrough in Africa’s role in the world. First, the U.K. will hold the presidencies of both the G8 and the EU in 2005 when Prime Minister Tony Blair rotates in those positions. He plans to place Africa high on both agendas. The U.K.’s commitment has already been demonstrated by its effort to increase aid to Africa to one billion pounds in 2005-06. Also in 2005, the UN will review progress toward the 2015 target date for achieving the UN’s Millennium Development Goals (MDGs). Presently Africa is significantly behind schedule in meeting those goals.

While this initiative comes from the U.K., it is not a British commission. Most of the Commissioners (nine of sixteen) come from Africa. The commission’s work will be supported by the newly established secretariat based in London. The commission will seek to support and encourage the best existing work, in particular the African leadership shown through the New Economic Partnership for Africa’s Development (NEPAD) and the African Union. The Commission aims to generate increased support for the G8 Africa Action Plan, NEPAD and other processes contributing to poverty reduction in Africa. The NEPAD secretariat supports the establishment of the Commission for Africa.

The commission will focus on the economy (including development finance, economic integration, and trade); conflict resolution and peace building; human development (including education and health); natural resources (including the environment, food security, and agriculture); governance; and culture, heritage, and participation. HIV/AIDS, gender, migration, and private sector participation are among a wide range of crosscutting issues, which will also be considered.

The Commission for Africa held its first meeting in London on May 4, 2004, and the second meeting is scheduled for October 2004. Prime Minister Tony Blair chaired the meeting. The sixteen commission members come from a wide range of backgrounds, including sitting politicians and leaders from the private sector and civil society.

The commissioners, supported by a secretariat, will consult a wide range of experts and thinkers on each issue. The process will be open, with each commissioner hosting public seminars and meetings, holding debates, and inviting papers on various themes.
international development secretary will oversee the ongoing work of the commission. The challenge is daunting, but progress is achievable. Accelerating progress toward the Millennium Development Goals depends upon change within both Africa and the international community. Governance needs to be strengthened, conflict managed, and corruption stemmed; regional and country economies need to be diversified and made more competitive; and terms of trade need to be improved.

There already has been a recent major shift in African efforts to address the continent’s problems. NEPAD is trying to tackle HIV/AIDS, reduce poverty, and sustain long-term economic growth. NEPAD’s commitment to governance and promoting peace and security has shown signs of progress. In 1973, three African heads of state were elected. By 2000, there were thirty-two.

Countries in the north are recognizing that partnerships with countries based on a commitment by both sides brings real benefits in long term. High and predictable levels of resources to countries that have a credible poverty reduction strategy and the political will and capacity to deliver on the Millennium Development Goals can reduce poverty.

Increased aid volume alone in Africa will not be enough. Aid must also become more effective. Simplifying the way aid is delivered (budget support and donor harmonization) minimizes the burden on partner countries and helps build capacity in those countries. Economic growth of 7 percent per year is needed to reduce poverty 50 percent by 2015. The economy of the continent is improving despite Zimbabwe. In 2001, twenty-three countries in Africa had real economic growth rates above 5 percent.

There are only a handful of conflicts in Africa without an established peace agreement. The highest risk of new conflict is in countries that has recently emerged from conflict. Peace consolidation, recovery, security, and poverty reduction as well as long term support constitute a massive task.

Africa attracts less than 1 percent of global foreign direct investment. Progress on trade policy will be essential if Africa is to become competitive. Africa stands to get a better deal through multilateral negotiations in the World Trade Organization where developing countries constitute two thirds of membership.

Twenty-seven countries have qualified for debt relief (twenty-two in Africa) under the Heavily Indebted Poor Countries (HIPC) initiative. Nine have so far reached completion point. Another ten are expected to reach completion point by the end of 2004. The U.K. continues to provide significant levels of humanitarian assistance to Zimbabwe and it stands ready to provide further support if and when good government is restored.

In Tanzania, the number of children enrolled in school has doubled over the last decade to more than three million. In Uganda, the enrollment rate is now eighty-six percent compared with 62 percent in 1992.

The World Bank has warned that some African countries face economic collapse because of AIDS. Antiretroviral drugs, however have become much cheaper, with prices dropping by more than 95 percent. The U.K. is the second largest bilateral donor of HIV/AIDS assistance in the world. The U.K. is putting $280 million dollars into the global fund on HIV, TB, and malaria, with more to come. Although HIV/AIDS is still increasing in many countries, latest analysis suggests prevalence is falling in some (Ethiopia, Rwanda, and Uganda) and has leveled off in others (DR Congo, Kenya, Malawi, and Zambia).

Development assistance is critical, and despite increases in recent years, the funding is still short of amounts needed to reach the MDGs. The U.K. has proposed a radical new International Finance Facility designed to raise the extra $50 billion needed each year to achieve the Millennium Development Goals. Recent World Bank figures show that good performers in sub-Saharan Africa can effectively absorb 60 percent more aid.

U.K. spending in Africa has increased rapidly over the last ten years to £711 million pounds in 2002-03. By 2005-06 the U.K. will have increased its annual bilateral assistance to sub-Saharan Africa to £1 billion, increasing assistance where governments are strongly committed to reducing poverty.
Whitney Schniedman, served in the Clinton Administration as deputy assistant secretary of state for African affairs. Among his responsibilities was ensuring the passage and implementation of the African Growth and Opportunity Act, the establishment of the U.S.-SADC Forum, the U.S.-Angola Bilateral Consultative Commission and the U.S.-Nigeria Joint Economic Partnership Committee. Schniedman helped to organize President Clinton’s two visits to Africa and was a member of both official traveling delegations. The following is an excerpt from Schniedman’s presentation during Session II of the African Presidential Roundtable 2004-LONDON addressing the global cooperation needed to increase capital flow to Africa.

It is important to note that the U.S., the G8, and NEPAD are giving more attention to engaging Africa’s private sector than ever before. During the Cold War, state-run economies were prevalent in Africa, and there was little opportunity for the private sector to flourish, especially outside the extractive sectors. Following the collapse of the Berlin Wall, and a widespread movement in the region toward economic reform and enhanced democratic governance, private sector opportunities have begun to emerge.

Early in the Clinton administration, the late Secretary of Commerce Ron Brown energized this movement when, during a trade mission to the region, he said that the U.S. would no longer concede the African market to companies from other countries. To underscore his point, he identified South Africa as one of ten emerging markets in the world that would become an important trading partner with the U.S. With the passage of the African Growth and Opportunity Act in 2000, trade with Africa became not only a means for stimulating economic development but also a rationale for deeper commercial engagement with the region.

Given Africa’s size and diversity, it is difficult to talk about the continent’s private sector as if it were a monolithic entity. Nevertheless, as African governments continue to privatize state assets, strengthen financial institutions, and improve the regulatory environment, African businesses are increasingly becoming active in areas where they previously did not exist or were dominated by the state.

NEPAD puts forward several key objectives to encourage continued private sector development. It hopes to ensure a sound and conducive environment for private sector activities, with particular emphasis on domestic entrepreneurs; to promote FDI and trade, with special emphasis on exports; and to develop small, medium, and micro-enterprises.

At the national level, NEPAD advocates initiating measures that would enhance the managerial and technical capacities of African entrepreneurs. This could be achieved by supporting technology acquisition, production improvements, and training and skills development. NEPAD also calls for a strengthening of private
sector advocacy groups, such as chambers of commerce and trade and professional associations. At the international level, NEPAD advocates promoting entrepreneurial development programs to strengthen African firms. It also advocates providing technical assistance for developing an appropriate regulatory environment, promoting small, medium and micro-enterprises, and establishing micro-financing schemes for the African private sector.

Additionally, the G8 Africa Action Plan was adopted in Kananaskis in June 2002. One of the most significant aspects of this plan was the G8 commitment to allocate to Africa at least 50 percent of the $12 billion per year in increased ODA that was pledged at Monterrey, Mexico, in March 2002. According to the G8, this meant that at least $6 billion per year in new resources would go to Africa.

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Verde, Senegal, Mali, Mozambique, Zambia to the U.S.; Benin’s permanent representative to the UN; and the Irish Consul General in Boston. Policy experts from Boston University, Harvard Law School, Harvard Business School, Morehouse College, Africa University, Brown University, Tufts University, and Elizabeth City State University also participated.

In addition to the closed-door working sessions, a public forum was held in Boston where the former heads of state engaged 500 observers on the topic “U.S.-Africa Relations: Post-Madrid and 9/11.” Terrorism was naturally a focus of the forum. On that subject and its implications for bilateral relations between African nation states and the United States, Offmann stated, “The need to deal with terrorism should not become another reason for Africa’s neglect. There is a connection between America’s (and other countries’) national security and the economic security of developing nations around the world. This is not simply an African perspective; it is something that has been agreed upon by both Prime Minister Tony Blair and President Jacques Chirac, even though they’ve disagreed on the strategy to deal with Iraq.”

Another critical subject addressed at the Roundtable was the ongoing efforts during the present session of the U.S. Congress to extend the AGOA.

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**continued from page 4 - Presidential Roundtable Press Statement**

Commission on Financing Capital Flows to Africa and the Geldof Commission. The optimism we feel is not cause for complacency.

As elder statesmen, we will continue to work in our respective countries and on the continent to encourage the sort of regulatory reform and macroeconomic and microeconomic changes that will enable Africa to flourish; we will also continue to encourage, challenge, and cajole the leadership of countries in the West to stay on course in the effort to fully include Africa in the global economy. The efforts of British and American leaders to encourage greater capital flows, provide incentives for investment on the continent, and advocate for further debt relief are absolutely essential to creating the global consensus to treat Africa fairly.

It is our hope that our leaders, the business communities in Africa, the U.K., the European Union and the United States, will intensify their efforts toward the attainment of our cherished goal of placing each African country, and the continent as a whole, on the path of sustainable growth and development and to halt the marginalization of Africa in the globalization process. We hope today’s discussions, and those in the days to come, as well as our future efforts, will result in the progress we seek for Africa.

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...African governments continue to privatize state assets, strengthen financial institutions, and improve the regulatory environment, African businesses are increasingly becoming active in areas where they previously did not exist or were dominated by the state.

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1G8 Africa Action Plan, Released by the Group of Eight, Kananaskis, Canada, June 27, 2002.
By way of background, the work of Congress is largely done in committees, and I have had the good fortune of being a member of the Ways and Means Committee for more than twelve years. Ways and Means is comprised of seventeen Democrats and twenty-four Republicans. We decide tax issues, Medicare, Social Security, trade, tariffs, parts of Medicaid, and welfare; in other words, every finance bill (according to the U.S. Constitution) has to originate in the Ways and Means Committee.

When we talk about how issues drive politics in the U.S., in the late 1980s and early 1990s, the most desirable subcommittee of Ways and Means was the healthcare subcommittee. But, by the mid 1990s, it was the trade subcommittee. One fourth to one third of the American economy is now based upon trade. Having said that, I can predict- with the exception of the Australian Free Trade Agreement- Congress won’t look at another trade bill during this election year.

I have had, at times, what seems to be a conflicting record on free trade, which is a reflection of the congressional district that I represent. There are many companies in my district that rely heavily on free trade agreements. But I also have the remnants of a manufacturing sector in my district, and many of the trade unions that have been so supportive of me look differently at free trade agreements than most business leaders.

We can all agree that free trade has been good for the U.S. economy. It also represents broad opportunities to uplift the rest of the world, but the dislocations that can occur are difficult to explain to people who lose their jobs or have a real fear of losing them.

I voted for the China Free Trade Agreement, and it has caused me nothing but trouble back in my Congressional district. I think that the vote for China to have Most Favored Nation trading status was part of a long time ruse in Congress, in that it is not simply about trade. Geopolitics has a lot to do with our decision to more forward on a permanent trading basis with China, as well as welcoming them to the WTO. Both initiatives paid a huge dividend in terms of getting China to help bring North Korea to the bargaining table over nuclear weapons.

I also voted for the Jordan Agreement, I voted in sponsorship of the African Free Trade Bill, and I was a sponsor of the General Agreement on Tariffs and Trade (GATT) legislation. I should point out to you that I voted against the...
I am going to talk about some of the barriers to Africa’s participation in the global economy, and then what my company, UACTLO, does in partnership with African governments to address these issues.

I will focus on AGOA as it relates to Africa’s short and long-term development and the current situation on the ground.

Cognizant of Africa’s marginal participation, the U.S. enacted AGOA to create rights and opportunities for Africa to mainstream participation in the U.S. economy, create jobs, and enter the global market. AGOA is certainly designed in such a way to make it easier for U.S. businesses to invest in Africa, and it hopefully will continue the effort of encouraging economic reforms among African governments-a lot of which we are witnessing now in many countries.

Just focusing on the apparel industry in the U.S., we are talking about a $60 billion business.

Sub-Saharan Africa’s share of global trade continued to decline in 2000.

In less than two decades, the volume of world trade has tripled, while sub-Saharan African trade has grown less than 10 percent. Sub-Saharan Africa accounted for less than 2 percent of U.S. merchandise imports, and less than 1 percent of U.S. merchandise exports. In the apparel and textile industry, sub-Saharan Africa accounted for about 1 percent of total U.S. imports; in the footwear industry, sub-Saharan Africa accounted for 0 percent of $14.5 billion imported to the U.S. in 2000.

If every country in Africa moved from 0 to 15 percent, we would begin to have real participation and penetration from Africa into the U.S. market.

Aware of Africans marginal participation, the U.S. enacted AGOA to create opportunities for Africa to move from the margins to the mainstream of trade activity within the U.S.

Let me now move on to talk about some of the barriers, and then what UATLCO, does in partnership with African governments to address these issues.

One major barrier to Africa entering the market and growing its market share continues to be the lack of access to capital for entrepreneurs capable of expanding capacity along the value chain.

Most African countries, for example are cotton producers. A total value chain-the farmer, the ginner, the apparel and textile mills, logistics management, and on-time delivery- is a
The issue of capital formation in Africa is a vital and complex subject. It is also connected to a much larger dynamic, including conflict resolution and prevention; accelerating Africa’s integration into the global economy; strengthening Africa’s institutions of governance; and fighting the continent’s health deficit as it concerns HIV/AIDS, tuberculosis, and malaria. Capital formation, then, is a subset of the challenge to deepen Africa’s integration into the global economy.

The first challenge in this respect is making Africa’s oil wealth work for the people of Africa. African countries supply the United States with 15 percent of the oil it consumes, and this will increase to between 20 and 25 percent by 2015. Over the next ten years, U.S. oil companies will invest anywhere from $20 to 30 billion. While much of this will be in production related costs, a number of African governments, such as Nigeria, Angola, Chad, Cameroon, Equatorial Guinea, and São Tome will benefit significantly. Transforming this wealth into productive revenue is an immediate challenge to all stakeholders in Africa’s development process.

In this context, it is not sufficient to say that oil is a curse to Africa. The challenge is how to engage those governments, companies, and members of civil society, among others, to forge a break with the past so that these resources can be used productively and, especially, outside the oil sector. Several important efforts are already under way. In Angola, ChevronTexaco has partnered with United Nations Development Project (UNDP) and USAID to leverage the creation of a $25 million investment fund. The structure of the revenue committee overseeing the expenditures from the Chad-Cameroon pipeline, while still a work in progress, represents a new and hopeful paradigm of oil wealth management. And of course there is the Extractive Industry Transparency Initiative and the Publish What You Pay Campaign that have the potential for making oil wealth benefit a wider array of individuals. At this point, there needs to be a global commitment—and an ongoing dialogue among stakeholders—to ensure that these abundant resources are used wisely, effectively, and transparently.

Accelerating the export of Africa’s manufactured and processed goods to industrialized countries is the second vital challenge. It is apparent that capital follows trade. The experience of the African Growth and Opportunity Act is the most recent demonstration of this dynamic. In the first two years since AGOA was enacted, Africa’s clothing exports to the U.S. grew 46 percent, reaching $1.1 billion in 2002, a plateau that was surpassed in just the first nine months of 2003.

Continued on page 18
The CCA is now consists of 205 members; it has grown over the last four and half years from eighty-six members. In 1999 when I came, 90 percent of the companies were from the Fortune 100 or Fortune 500 lists. Currently, one-third of the CCA members are from Fortune 500 companies, one-third are medium size businesses, and the remaining one-third are small businesses. Four and a half years ago, the CCA budget was about $1.2 million, small by most standards; now it has grown to $10 million and increased by about eightfold in four and half years.

Five years ago when I came to the organization, CCA employed a staff of ten. We now have a staff of 40, of which more than half are African American or African. We now represent eleven nationalities (ten from Africa), when only one nationality was represented five years ago. Currently, four out of five directors are African or African American, and the board of directors consists of thirty members, eleven of whom are of the African Diaspora.

These changes underscore our effort to grow to be a very different organization in order that diversity in the United States may benefit from business and trade from Africa.

Five years ago, one African American company was a member of the CCA. Now, thirty-four of those 205 companies are African American businesses working with the CCA to invest in Africa.

As an organization, I think we should be proud of that, but in those same four and a half years with all this progress and growth, investment in Africa has not gone up until recently. Trade has gone static or dropped four years in a row until 2003, when trade increased by 30 percent.

The CCA was known primarily as an organization that worked with heads of state to build the general trade relationship between the United States and Africa and was known for good events. What we have tried to do over the last four and a half years is to address what the specific issues are that separate Africa and the United States, economically and to some extent politically. As a result we have moved to five major priorities in this organization:

1. Trade Legislation

Within three weeks of my appointment at the CCA we were on record supporting AGOA. We have continued to play a major role in AGOA. Yet, AGOA doesn't go far enough; there needs to be far more than AGOA. Right now, it's the best hope we have and we need to build on that.
We are also part of the SACU trade coalition. We have also gone on record in favor of black economic empowerment. We have come to the conclusion that we cannot simply sell to Africa if Africa cannot buy! Therefore, we have to support the economic development of Africa as we support our companies wishing to sell and become involved in Africa. For that reason, we have made those aforementioned major shifts.

2. Financing is the second priority.
The ten-year plan of the Commission on Financing Capital Flows to Africa was funded by the CCA and sponsored by the CCA and the Institute for International Economics.
We have begun to implement the plan in two areas.

Last month to my knowledge the first conference on Wall Street focusing on investment in Africa was convened. There were approximately 300 people in attendance from Wall Street to Africa discussing how to increase capital flows to Africa and what current projects regarding investment in Africa deserve more support in order to maximize their potential and affect.

The NEPAD secretariat presented the aforementioned projects and discussed their aptitude and funding needs.
This year we are following up that financing conference with counterparts in Senegal and South Africa. These two major conferences in Africa will continue to promote the Commission but also on how to follow up on the Commission’s goals. We have formed a task force to follow up on the great work of James Harmon and others, including Alan Patricof in order to manifest the conclusions of these conversations about capital flows to the continent.

3. Partnerships:
The third area is partnerships, which is absolutely essential for investment and trade. How does a small to mid-size business know where to start to find and determine legitimate opportunities in Africa? Giant multinationals like Chevron don’t need CCA to do business in Africa; they have been doing it quite successfully without us. The large corporations may need us for issues such as trade policies, or when more than one corporation needs access to heads of state. Small businesses need CCA to find partners. They can spend tens of thousands of dollars in a country without knowing or understanding the nature of the country, how it works, whom to go to, who is reliable, what businesses to choose, etc.
We have two programs in association with USAID regarding the development of partnerships, both of which we are very proud. They are in the top ten of the 400 USAID programs in Africa.
One program identifies traditionally disadvantaged partners in South Africa and links them with U.S. entities. A British firm stated in its audit of this program that we have generated 8,000 quantifiable jobs and more than $400 million of contracts for South African business. This program is still growing and is being expanded around Southern Africa.

The other program is called the West African International Building Program. It is different in that we hold workshops throughout West Africa, often with more than 150 businesses in the region. They submit proposals and after a selection process, CCA along with the EX-IM bank and other banks from the U.S., facilitate financing for these West African businesses to purchase equipment from the U.S.
We have generated $130 million of business through WAIBL. By global standards that is small, but it is a beginning. It is not enough, but it is a step in the right direction.

4. Belief in the economic communities of Africa
The fourth area we are focusing on is enhancing the potential of the economic communities of Africa. We are the only American organization with staff inside the Common Market for Eastern and Southern Africa (COMESA). The intent is to help identify businesses throughout Eastern and Southern Africa (COMESA). The intent is to help identify businesses throughout Eastern and Southern Africa for the sake of partnerships and to assist in establishing strong trade policies.

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The CCA is on NEPAD’s U.S. business advisory group, but we need on-the-ground staff in Southern Africa to be able to do that more effectively. That is where I hope to take the organization next. The fourth area we are focusing on, is enhancing the potential of the economic communities of Africa. We are the only American organization with staff inside the Common Market for Eastern and Southern Africa (COMESA). The intent is to help identify businesses throughout Eastern and Southern Africa for the sake of partnerships that assist in establishing strong trade policies.

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5. AIDS in Africa

The fifth priority is working on AIDS in Africa.

We received a grant from the Gates Foundation and its purpose, as we wrote it, is to work with our corporate members communities. Our job is to see that each of our members, small and large, have effective policies on AIDS in the workplace. That policy cannot be the same policy for all companies regardless of size and revenue. The objective is to keep companies in Africa and not have them withdraw from Africa. So we have a task force working on that, and we have hired Victor Barnes of the CDC (Centers for Disease Control) to run the AIDS program.

In addition, the Gates Foundation has also asked us to take on the role of coordinating the efforts of other organizations relative to the business community. We do not have the experience of other organizations like The Harvard International Committee on AIDS or the Global Health Program (all funded by the Gates Foundation). We are non-threatening, but we can be the glue that starts to help coordinate some of these policies. That is another role we intend to play at the CCA.

These are the primary objectives of the CCA today. It has been a challenge over the last four and a half years.

Continued from page 10 - AGOA Acceleration Act (Neal)

North American Free Trade Agreement (NAFTA), because of my Congressional district. GATT was perceived as voting and trading down. Trade issues are very hard to sell to a constituency that has a fear of losing their jobs. That fear could cause a move in the direction of protectionism.

AGOA represented a departure from traditional American views as to how we might uplift the aspirations of our partners in Africa; the idea being that we would focus on structural reforms, in terms of market economics, as opposed to traditional aid packages. It is interesting that with the passage of AGOA, twenty seven percent of the exports from sub-Saharan Africa now come to the U.S.

Continued from page 11 - AGOA Acceleration Act (Wilson)

business that creates jobs every step of the way. Yet AGOA alone is not enough to realize the opportunities the act presents. Making the connection between legislation and practical action is needed to realize the benefits. As a result of that, we moved to create UATALCO, which operates with the sole purpose of making globalization work for sub-Saharan Africa.

UATALCO, a U.S. company based in Virginia, was formed to promote trade between the U.S. and sub-Saharan Africa. In an effort to meet sub-Saharan Africa’s needs, UATALCO has identified the following goals: providing technical assistance and training; facilitating smooth flow of goods and services to and from sub-Saharan Africa; arranging financing to invest in textile, apparel, sweater, and footwear manufacturing; and maximizing learning opportunities in each key aspect of textile and apparel manufacturing.

UATALCO, led by a seasoned management team that possesses extensive experience and intimate knowledge of both the U.S. and sub-Saharan African markets, stands to bridge the gap between these two essential markets by giving concrete meaning to the opportunities presented in global markets.
The implications for enhanced capital flows to Africa because of AGOA are significant. According to the U.S. International Trade Commission, Namibia alone has received around $100 million in direct investments thanks to AGOA’s apparel provisions. In fact, the opening of the U.S. market to African apparel and more than 6,500 other items on the harmonized tariff list has generated more than $340 million in new investments and has created 190,000 new jobs. Renewed attention to the opening of G8 markets is essential to enhancing the flow of FDI to Africa.

A third vital challenge is to leverage the recent strong performance of African equity markets into an accelerated pace of privatization. Africa traditionally has not been visible on the radar screen of global portfolio investors. Nevertheless, in 2002 and 2003, Africa’s stock markets have on average outperformed markets elsewhere in the global economy even though they are small and not especially liquid. If Zimbabwe is excluded, African markets posted an average index return of 48 percent in 2003 in dollar terms. This figure drops to 41 percent if Zimbabwe is included. This compares favorably with a return of 30 percent by the MSCI global index, 32 percent in Europe, 26 percent in the U.S. (S&P), and 36 percent in Japan (Nikkei).2

The fourth vital challenge to accelerating capital flows to Africa is ensuring that Official Development Assistance (ODA) contributes to a strengthening of Africa’s private sector. ODA still has its most critical role to play in helping to meet basic human needs and capacity building in Africa. At the same time, ODA is likely to increase over the medium term from its current level of $50 billion for all aid recipients. Promises of the Millennium Challenge Account would generate an extra $12 billion from 2006 onward, with half of this expected to go to Africa. While this is a welcome improvement, it is still significantly less than the additional $50 billion required annually to meet the Millennium Development Goals by 2015. More immediately, however, support for the “production sectors” - agriculture, manufacturing, trade, banking, and tourism - has declined as a percentage of total ODA, from 17 percent in 1975 - 80 to 11 percent in 1995-2000. In this context, minimal but specifically-targeted ODA can play a catalytic role for indigenous and international entrepreneurs.

The point here is that the private sector will often follow the public sector. For example, in January 1998, the United States Export-Import Bank (Ex-Im Bank) was open in only eighteen countries in Africa. Three years later, Ex-Im Bank was open in thirty-four countries. During this period, the volume of credit for the public and private sectors of sub-Saharan Africa grew from $50 million to approximately $800 million per annum. The number of transactions also increased significantly. This trend underscores the critical role that the public sector can play when it is calibrated toward increasing capital flows to Africa.

At this point, there needs to be a
global commitment - and an
ongoing dialogue among
stakeholders - to ensure that
[Africa’s] abundant resources are
used wisely, effectively, and
transparently.


Thomas P. O’Neill, III and APARC’s APARC’s Amb. Charles Stith present H.E. Ali Hassan Mwinyi with the Chelsea Clock given by Mayor Menino of Boston