

# THE INCREASING AMERICAN JOBS THROUGH GREATER EXPORTS TO AFRICA ACT

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## HEARING BEFORE THE SUBCOMMITTEE ON AFRICA, GLOBAL HEALTH, AND HUMAN RIGHTS OF THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED TWELFTH CONGRESS

SECOND SESSION

APRIL 17, 2012

**Serial No. 112-139**

Printed for the use of the Committee on Foreign Affairs



Available via the World Wide Web: <http://www.foreignaffairs.house.gov/> or  
<http://www.gpo.gov/fdsys/>

U.S. GOVERNMENT PRINTING OFFICE

73-814PDF

WASHINGTON : 2012

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## THE INCREASING AMERICAN JOBS THROUGH GREATER EXPORTS TO AFRICA ACT

TUESDAY, APRIL 17, 2012

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON AFRICA, GLOBAL HEALTH,  
AND HUMAN RIGHTS,  
COMMITTEE ON FOREIGN AFFAIRS,  
*Washington, DC.*

The subcommittee met, pursuant to notice, at 2 o'clock p.m., in room 2172 Rayburn House Office Building, Hon. Christopher H. Smith (chairman of the subcommittee) presiding.

Mr. SMITH. The subcommittee will come to order, and good afternoon, everybody. Today's hearing will examine U.S. policy toward American exports to Africa as part of U.S.-Africa trade. The original African Growth and Opportunity Act, or AGOA, was intended to be mutually beneficial for both African and American entrepreneurs, but the focus of the three administrations since its passage in 2000 has been on increasing African exports to the United States and a resultant job growth on the African continent.

This policy, however, has neglected the job growth here in the United States that could be created through increasing U.S. exports to Africa. The purpose of the Increasing American Jobs Through Greater Exports to Africa Act of 2012, or H.R. 4221, which I've introduced along with Congressman Bobby Rush and my good friend and colleague, Ms. Bass, our ranking member, is to address the important components of U.S.-Africa trade by increasing U.S. exports to Africa by 200 percent over the next decade.

The bill does not replace AGOA, it complements it by providing for a rebalancing that makes it beneficial to Americans as well as Africans. Senators Dick Durbin and John Boozman have introduced an identical version of the bill in the Senate—S. 2215.

The bill intends to achieve its ambitious but achievable goal by taking several steps, including the creation of a U.S.-Africa trade coordinator to ensure that all U.S. agencies involved in trade work in concert with one another.

This legislation also calls for not less than 25 percent of U.S. trade financing to be devoted to facilitating U.S.-Africa trade. Furthermore, it encourages the descendants of Africa in this country, who largely operate small and medium size businesses, to play a greater role in trade with countries in Africa. Small and medium enterprises in Africa and the U.S. have not benefited from AGOA to the extent that they could have or should have, and the bill addresses this deficit.

U.S. companies can benefit from an expanding African market of businesses and consumers, and increased American production will create new, sustainable jobs. Some have expressed concern that such an expansion of U.S. exports to Africa could flood African markets and damage their economies. However, many of these U.S. exports, such as in the agricultural sector, will enable African producers to become more efficient and profitable, and create jobs for their workers as well.

In trade, the best situation is one of observing the principle of comparative advantage: Countries sell what they make most efficiently and buy what another country makes most efficiently. In this way, both buyer and seller countries benefit from trade by meeting each other's needs. According to the U.S. International Trade Administration, the United States is the world's largest importer of sub-Saharan African goods, receiving 20.2 percent of the region's total global exports.

On the other hand, during the height of the global recession in 2008 to 2009, our exports to sub-Saharan Africa plummeted by 45 percent, from \$78.3 billion to \$42.8 billion. At the end of 2011, the United States sold nearly \$20.3 billion worth of goods to sub-Saharan Africa while purchasing more than \$74 billion worth of goods. Consequently, we had a trade deficit with the nations of sub-Saharan Africa last year of nearly \$54 billion.

The African Development Bank estimates that one out of three Africans is considered to be in the middle class. That is 314 million Africans who have escaped poverty and now can buy consumer goods, including those from the United States. In order to reduce our trade deficit with the nations of Africa, there is room to engage in trade that increases economic opportunity for Africans and Americans alike. We just haven't taken advantage of the opportunities that exist.

The United States has, over the last decade, taken many steps to enhance U.S.-Africa trade. African governments have taken steps to encourage transatlantic trade as well. Still, both sides can and must do better. Exports will help the economy grow, because they typically boost factory production which can fuel more hiring and lead to greater consumer spending. Fewer imports subtract less from growth, largely because consumers are spending less on overseas goods and services. H.R. 4221 will contribute to job growth in the United States by facilitating increased sales to the emerging markets of Africa.

The rest of the world understands how valuable the nations of Africa have become as economic markets. Last month this subcommittee held hearings on the role of China in Africa that not only pointed out China's design on selling their goods to African countries, but also illustrated the economic interest in Africa shown by nations as farflung as Brazil, Turkey and South Korea. We, in the United States, must join in the more equal two-way trade the rest of the world envisions for their commerce with Africa.

I want to now turn to my good friend and colleague, Ms. Bass, and I do want to thank all of our witnesses for being here. We have two very, very distinguished panels, and I especially want to single out Isaiah Washington, and thank him for joining us today, for coming into Washington to be part of panel II, to talk about his ex-

expertise especially as it relates to Sierra Leone. We are very grateful to have you here, Mr. Washington.

Ms. Bass?

Ms. BASS. Once again thank you, Mr. Chairman, for convening this hearing. Let me welcome today's guests who will be testifying, all of whom have distinguished records and substantial experience regarding U.S. trade in Africa.

I want to extend my gratitude to Chairman Smith and Representative Rush for their leadership on H.R. 4221, the Increasing American Jobs Through Greater Exports to Africa Act. I am pleased to join my colleagues as a cosponsor of this legislation, the bill will assist in increasing U.S. exports to Africa by 200 percent within the next 10 years, and it is my hope that we will achieve if not exceed this target. I also look forward to working with our counterparts in the Senate, Senator Durbin and Senator Boozman, who have as was stated have introduced identical legislation.

The objective of today's hearing is to consider how the U.S. Government can increase trade and investment on the African continent. With signs of strong economic growth in sub-Saharan Africa, the window of opportunity for broader U.S. trade and business engagement has never been more timely. Foreign nations including China, Canada, France, the UK, have more comprehensive trade promoting programs directed at Africa than we do. These programs give companies increased advantage over American companies. The U.S. can and must do more to ensure that U.S. businesses have similar opportunities and have the tools needed to compete.

While quite variable by nation, GDP growth in many sub-Saharan African countries has shown real strength and resilience over the last decade. Many African countries have GDP growth rates that exceed current U.S. rates. For example, Sierra Leone has shown an average GDP rate of 9.7, Ethiopia 8.5 and Rwanda 7.6.

In October 2011, report on economic growth in sub-Saharan Africa, the IMF, the International Monetary Fund, showed a positive outlook for continued growth on the African continent. The report stated, and I quote,

“This year looks set to be another encouraging one for most sub-Saharan African economies. Reflecting mainly strong domestic demand but also elevated commodity prices, the region's economy is set to expand by 5.25 percent in 2011. For 2012, our baseline projection is for growth to be higher at 5.75 percent.”

While the U.S. economy continues to pick up real strength, growth in much of the sub-Saharan continent continues to outpace growth here at home. What is clear is that the United States must review its policies and look for new opportunities to diversify and expand. One way to do this is by increasing our low level of trade with Africa both through public and private sector engagement. When passed into law, I firmly believe that the conditions will exist to promote win-win environments for both African nations and the United States.

Over the years, this committee has discussed the trade and investment opportunities supported by the African Growth and Opportunity Act signed into law in 2000. AGOA serves as a primary

vehicle for advancing U.S. trade and investment with Africa. The purpose of AGOA has been to promote economic and political development by opening access to investment and trade markets in the United States for African nations. AGOA has been at the center of American economic policy with respect to the continent.

AGOA, however, is a nonreciprocal trade preference program. As such, while U.S. firms that export to the United States from Africa may benefit from the provision under AGOA, in most instances U.S. exports to Africa do not automatically enjoy the same benefits in reverse.

Members of Congress will soon review a special rule for developing countries which provide additional preferences in duty-free quota access for apparel. As we consider extending the special rule, I look forward to ways and mechanisms that strengthen AGOA in the future. And one of the things that I want to propose to our chair is that we really begin to look specifically at what companies are involved in AGOA, how it has benefited the U.S., how it has benefited the continent.

The Congressional Research Service indicates that in 2011, the U.S. imported nearly \$93 billion in goods from Africa while exporting just under \$32 billion. Nigeria, Algeria, and Angola were the leading exporters to the U.S., and oil products totaling nearly \$76 billion account for the overwhelming majority of U.S. imports through AGOA.

In sum, our trade balance is highly uneven. Most of our trade is in the form of U.S. imports, and the vast bulk of benefits under AGOA accrue mostly to natural resource commodity producers. Today's hearing in H.R. 4221 aims to address this imbalance and offer new mechanisms to reduce import-export differentials.

I am pleased that Mr. Maynor, who as an African-American businessman based in Chicago, will share with this committee his company's 30-plus year history of conducting business throughout the continent. Like other small and medium sized businesses, I hope that Mr. Maynor's testimony offers insight as my colleagues and I work to develop effective policies that create greater trade and investment opportunities.

Thank you, and I look forward to the remarks of today's witnesses.

Mr. SMITH. Ms. Bass, thank you very much.

And Mr. Rush?

Mr. RUSH. I want to thank the chairman of this subcommittee, Congressman Chris Smith, and also ranking member Karen Bass and all the other subcommittee members. I want to sincerely thank you for allowing me to participate in this hearing on the Increasing American Jobs Through Greater Exports to Africa Act of 2012.

I must say that after four terms of trying to get a waiver to be on this subcommittee, to be on this committee and then denied for four terms, I have finally arrived in some sense. I am proud to join Chairman Smith as the coauthor of a bill to develop a comprehensive strategy to create American jobs by increasing exports of U.S. goods and services to Africa by at least 200 percent in real dollar value over the next 10 years.

And before I continue I must take time to say how honored I am to be in the presence of the honorable Ms. Liser and the Honorable



Ambassador Johnnie Carson, who is a Chicagoan and someone who grew up in my district on the south side of Chicago. And I also want to welcome Mr. Maynor, who is an executive with Luster Products Company, which is also located in the city of Chicago.

And I must say that to my friend, Isaiah Washington, who has been such a yeoman in this effort in these times and for Africa and for African-Americans, it is such a delight to see you here still on the case of fighting for the progress of Africa, African-Americans and also Americans in general. And I am certainly glad to be in your presence.

Chairman Smith, my hat is off to you. I commend you, I commend your staff, for your leadership on this issue especially on the bipartisan manner with which we worked together during this process of drafting this legislation. This is the way that the Congress should work, the way that America wants its Congress to work.

Again I must welcome Ambassador Carson and Ms. Liser, and the way that we are discussing today this bill is the right bill for these challenging economic times. The U.S. has talked far too long about Africa as the next trade and investment frontier. Well, the next is now. The future of Africa is now and it is time now to act on our promise. We now have a tremendous opportunity to build mutually beneficial policies that create jobs and economic growth on both continents.

For a long time, Africa has been portrayed only as a continent riddled with war, dictatorship, poverty, disease and debt and every kind of dysfunction. Yet this true, real story of this country by country reawakening and revival and the story of many great successes remain untold stories. Seven out of ten of the fastest growing economies are today in Africa. Africa has an expanding middle class hungry for American products and its services. It is also in need of investment in its rapidly expanding infrastructure.

In all my travels to African countries I always hear from African leaders and African consumers about their preference for American companies and products because of the quality of our products, our reliable and innovative technology and our labor environmental standards. But we are not reacting. We are standing flat-footed as China and India and Brazil and others are being fleet-footed.

In my conversation with African leaders, they say well, if the U.S. doesn't come then we are forced to take the Chinese money to help develop our economy. But we don't like it, because the Chinese when they come and bring their dollars they also bring their manpower, and we don't want to exchange a European colonialism for Chinese colonialism. But we can't wait on America. America must act and act now. The African people can't resist flexible or cheap Chinese financing.

As one African ambassador told me at one time, if you cannot have what you love then you end up loving what you have. And they have China and so they have to love China. It is now time for America to act.

This legislation will help to change those misguided perceptions and foster a greater understanding among U.S. businesses and financial communities about the opportunities that exist in Africa. The U.S. investment opportunities in Africa outside of the energy

and mineral sectors hold a great potential to increase jobs in Africa, boost income earning power and help diversify African economies, thus making Africa stronger as a market for U.S. goods and services.

Poverty and hunger are still widespread problems, but Africa's growing middle class is creating businesses and investment opportunities that are among the best in the world. With the right trade policy in place we can unlock the potential of a thriving private sector and lift millions out of poverty.

The tools available to U.S. companies to competitively compete in Africa are scattered, difficult to access and not effectively coordinated. Competition for jobs is also real. We need to think more strategically and be more innovative as to how we can best support our investments in Africa. This bill has been introduced for that purpose. Among other things, the bill will create a special White House Africa Strategy Coordinator to ensure government agencies are maximizing resources to help U.S. companies expand into African market.

The bill also includes language from H.R. 656, the African Investment and Diaspora Act of 2011 that I introduced last Congress, positioning the U.S.-African diaspora to spur African economic growth. When I introduced AIDA in the social media, our Facebook group gained close to 10,000 members in less than a week. More than a hundred African immigrant groups signed a petition in support of this initiative. I have not met one single African who did not express his or her desire to contribute to the development of his or her country of origin and to represent an American firm.

This bill will help turn brain drain into brain gain, challenging a new paradigm for strengthening U.S.-Africa relations in the 21st century. It also marks the first step toward unleashing Africa's vast potential through win-win trade and investment opportunities mirroring the spirit of the common history and destiny shared between the U.S. and Africa. This bill will help reduce non-trade barriers, encourage regional integration of African countries, increase U.S. exports and positively affect U.S. trade export and labor initiative.

Furthermore, passage of this legislation will ensure that the U.S. policy is contributing meaningfully to the positive transformation of Africa, enabling it to progress toward forward integration into the 21st century world economy not as a supplier of raw materials and resources, but as a full participant in the international supply and distribution chains. The future of Africa, the future of U.S. economies are intertwined and this future is now before us. We must act now to ensure that future.

And I am looking forward to hearing the testimony from both panels. Thank you, and I yield back.

Mr. SMITH. Mr. Rush, thank you very much, and thank you for your kind words. It has been great to work with you and your staff, and of course with my ranking member, our ranking member, Ms. Bass.

I would like to now introduce without objection, the bios of our very distinguished witnesses.

Ambassador Johnnie Carson has been a frequent witness before this subcommittee. He currently serves as the Assistant Secretary

of State for African Affairs, a position he has held since May 2009. Ambassador Carson has had a long and distinguished career in public service including 37 years in the Foreign Service, including serving as the U.S. Ambassador to Kenya, Uganda and Zimbabwe. Ambassador Carson has also served as the Staff Director of this subcommittee, and as a Peace Corps volunteer in Tanzania. Ambassador Carson is a recipient of numerous awards for his service from the Department.

We will then hear from Ms. Florizelle Liser, currently the Assistant U.S. Trade Representative for Africa in the Office of the U.S. Trade Representative. She leads U.S. trade efforts and investment in sub-Saharan Africa, and oversees implementation of the African Growth and Opportunity Act. Ms. Liser was also a founding member of TransAfrica, and has applied these efforts to her continuous work to help the U.S. realize Africa's growing importance to us as a continent. Ms. Liser has extensive background in trade negotiations, in Africa, and has spent much of her career working on those issues.

Ambassador Carson, please proceed.

**STATEMENT OF THE HONORABLE JOHNNIE CARSON, ASSISTANT SECRETARY OF STATE, BUREAU OF AFRICAN AFFAIRS, U.S. DEPARTMENT OF STATE**

Ambassador CARSON. Chairman Smith, Ranking Member Bass, Congressman Rush and other members of the committee, thank you very much for providing me with this opportunity to address this committee on an important and timely topic.

Before I begin my testimony, I would like to say that this is the first time that I have addressed this committee since the tragic and unfortunate passing of Congressman Donald Payne. Congressman Payne was a leader on issues related to Africa. He was one of the pioneers of the African Growth and Opportunity Act, and was a strong friend of the continent and our relationship with Africa. If he were alive today he would be at this hearing pushing for the kinds of legislation toward Africa that we all believe in both in the executive branch and in the legislative branch.

Let me begin my testimony. U.S. trade to and from Africa has grown significantly in the past 10 years. U.S. exports to sub-Saharan Africa tripled from just under \$7 billion in 2001 to over \$21 billion in 2011. This threefold increase illustrates the impressive economic growth that many markets in Africa achieve by tackling tough economic reforms over the past decade. However, despite Africa's recent and very impressive economic growth, sub-Saharan Africa still accounts for less than 2 percent of global trade.

It is my firm belief that Africa represents the next global economic frontier, and I am not alone in that assessment. The World Bank projects growth rates of between 5 and 6 percent for Africa over the next 2 years. These projections are higher than growth rates expected for Latin America, Central Asia and Europe. Africa is poised to grow even further, presenting significant opportunities for U.S. companies to both trade and invest in the continent.

Nonetheless, there are still many barriers that stand in the way of companies hoping to do business in Africa. In many places corruption is common. The cost of finance including investment fi-

nance is still too high. Infrastructure is weak or nonexistent in some places. Regulatory systems are often insufficient, inconsistent, and inefficient. Because of these barriers many U.S. businesses see African markets as too risky.

We are working closely with African governments across the continent to address these issues and to improve the local investment and business environment. The United States Government also plays a role in assisting American companies to get into African markets. We recognize that increasing two-way trade and enhancing investment helps to grow economies on both sides of the Atlantic, in Africa as well as in America.

Our effort to increase our commercial engagement in Africa is a part of Secretary Clinton's global focus on economic statecraft. This State Department's economic statecraft agenda consists of harnessing the forces of global economies to advance our diplomatic agenda and putting the tools of our diplomacy to work to meet our economic goals. We are committed to using every opportunity available to advance not only our diplomatic and political priorities, but also our economic and commercial goals as well.

The Bureau of African Affairs at the Department of State has instituted a number of programs that move beyond the traditional focus on development assistance and that place a special and higher interest on promoting a full range of commercial and trade activities.

I recently organized and led a trade mission to Mozambique, Tanzania, Nigeria, and Ghana with 10 U.S. energy companies ready to do business. A lack of reasonably priced and reliable power remains one of the most significant constraints to economic growth throughout Africa. Governments across the continent are working to attract new trade and foreign investment that will sustain their rapid economic growth and build their middle class.

The goal of this trade mission was to highlight opportunities for U.S. companies and to help address a glaring need for increased power in the infrastructure of Africa. By all accounts the mission was a success, and the Africa Bureau plans to lead similar trade missions in other sectors in the future. Our goal is to encourage other American companies to be a part of the growing economic dynamism of Africa.

In February, Secretary Clinton hosted the first State Department-led Global Business Conference that included representatives from the American Chambers of Commerce and business organizations from around the world including Africa. And in March, we worked with the Foreign Commercial Service to host a commercial training program for economic officers posted in some 25 sub-Saharan African countries.

I want to note the importance we place on working with the American Chambers of Commerce overseas. There are currently eight countries in sub-Saharan Africa with American Chambers of Commerce, and we hope that working with and through the U.S. Chamber of Commerce here in Washington to see that number grow.

The African Growth and Opportunity Act (AGOA) currently is the centerpiece of our trade policy with sub-Saharan Africa. AGOA remains very relevant today for both Africa and the United States.

Eligible African countries receive duty-free preferences for approximately 6,000 products to come into the United States market. However, AGOA gives the United States Government a platform to engage in an economic dialogue with our African partners.

As a part of the most recent annual AGOA eligibility review we were able to engage in serious discussions with a variety of African nations about the need to improve their macroeconomic and trade policies. The annual AGOA forum also gives the United States Government an opportunity to communicate our trade and investment priorities to African trade ministers and businessmen.

This year's forum will take place in Washington, DC, on June 14th and 15th, and will focus on how to improve Africa's infrastructure to facilitate and increase trade. The forum will also include civil society and private sector sessions. In addition, we look forward to building on the success of the African Women's Entrepreneur Program which was launched during the 2010 AGOA forum here in Washington. Approximately 40 leading African women entrepreneurs will participate in meetings here and in Washington, DC, Ohio, and New York.

The State Department, in collaboration with several U.S. Government agencies, will host the U.S.-Africa Business Conference in Cincinnati, Ohio, from June 21 to June 22, following the annual African Growth and Opportunity forum here in Washington. The United States-Africa Business Conference builds on the policy discussions that take place during the AGOA forums by providing an opportunity to showcase U.S. business expertise to potential African clients and to highlight trade and investment opportunities in Africa to U.S. exporters and investors.

The United States-Africa Business Conference will include structured networking opportunities for African business leaders and government officials with American business leaders as well as state and local government officials and business leaders. Informational sessions on U.S. Government services from various government agencies and site visits to private companies and organizations will also feature prominently in this program. Echoing the theme of the AGOA forum, the event will focus broadly on infrastructure development including energy, transportation, water and sanitation.

We expect the conference to attract a number of AGOA forum participants including African trade and energy ministers as well as relevant African business leaders and entrepreneurs. We also expect a large number of American private sector businessmen and women to participate.

I remained very excited about the Cincinnati event following this year's AGOA forum. In 2010, we held a similar event in Kansas City, Missouri that was well worth the effort. By taking African government officials and private sector representatives outside the Beltway, we can facilitate a fruitful discussion that goes beyond simply discussing trade policy but leads to the establishment of business linkages and even the completion of business deals.

I would like to end my comments on what I think is a very serious and pressing matter, the potential impact of a delayed renewal of the third country fabric provision of AGOA. Third country fabric has been one of the most successful components of the AGOA legis-

lation and can be credited with creating tens of thousands of jobs in countries such as Lesotho, Kenya, Swaziland, and Mauritius. I have heard from representatives of a number of African countries that apparel orders are drying up due to the uncertainty surrounding the extension of this third country fiber provision.

In Lesotho, which is the largest African apparel exporter to the United States, our Embassy reports that there are no U.S. orders for apparel after July and transactions are usually made 6 months in advance. Our Embassy in Nairobi, Kenya, recently reported similar news and estimated that some 40,000 factory workers could very likely lose their jobs if the third country fabric provision is not extended.

The apparel industries in these countries rely on the third country fabric provision. Without it there is a very real possibility that the investors in the apparel factories will pack up and move production to some other part of the world as we saw in Madagascar following its loss of AGOA eligibility in 2009. This would cause enormous economic strife in countries that are strong partners of the United States and countries that are starting to show real economic and sustained economic growth.

Chairman Smith, members of the committee, I want to again thank you for this opportunity to appear before you today. I will be happy to answer any questions you have. My full testimony has been submitted for the record.

[The prepared statement of Ambassador Carson follows:]

**Statement of Ambassador Johnnie Carson**  
**Assistant Secretary of State Bureau of African Affairs**  
**House Foreign Affairs Committee Subcommittee on African Affairs**  
**April 17, 2012**  
***"The Increasing American Jobs***  
***Through Greater Exports to Africa Act"***

Chairman Smith, Ranking Member Bass, and Members of the Committee:

Thank you for providing me with the opportunity to address the Committee on what I feel is a very important and timely topic. U.S. trade to and from Africa has grown significantly in the past ten years. U.S. exports to sub-Saharan Africa tripled from fewer than seven billion U.S. dollars in 2001 to over \$21 billion dollars in 2011. This threefold increase illustrates the impressive economic growth that many markets in Africa achieved by tackling tough reforms over the past decade. However, to put the \$21 billion dollar figure into context, it amounts to approximately the same amount that U.S. companies exported to India in

the same year. Africa's recent economic growth is impressive, but the region still only accounts for less than two percent of global trade. It is my firm belief that Africa represents the next global economic frontier, and I am not alone in that assessment. The World Bank projects growth rates of between 5 and 6 percent over the next two years for Africa. These projections are higher than growth rates expected for Latin America, Central Asia, and Europe. African growth rates are expected to continue rising among a growing number of countries, presenting significant opportunities for U.S. companies to both trade and invest. Africa can serve as a market to U.S. exporters to meet the goals of the National Export Initiative and create U.S. jobs. The U.S. government can help American companies look to Africa for real and immediate opportunities to expand their businesses. Recently, President Mills of Ghana visited Washington, DC with a government delegation focused on increasing trade and investment.

Over the last twelve months, including new contracts signed this week, the U.S. has provided crucial assistance that has made \$1.2 billion



in U.S. exports to Ghana last year possible. A recent example includes: Miami-based Belstar is implementing a \$250 million project providing medical equipment, services and infrastructure to benefit up to 100 hospitals throughout Ghana. The project will make a significant impact on Ghana's ability to meet its growing need for modern health care infrastructure and will do so using insurance provided by the Overseas Private Investment Corporation. The project is expected to generate \$147 million in U.S. exports through initial procurements, with an expected total procurement amount of \$253 million.

Nonetheless, there are still many barriers that stand in the way of companies hoping to do business there. The perception of Africa as poverty filled and strife ridden continues to persist. In many places, corruption is too common. The cost of finance, including investment finance, is too high. Infrastructure is lacking. Regulatory systems are often inconsistent and inefficient. Because of these barriers, many U.S. businesses see African markets as too risky. We work closely with African governments to address these issues and improve investment

climates. In addition, the U.S. government plays a role in expanding opportunities for U.S. companies in the region. Increasing two-way trade and enhancing investment helps to grow economies on both sides of the Atlantic.

Our efforts to increase our commercial engagement in Africa are a part of Secretary Clinton's global focus on economic statecraft. The State Department's economic statecraft agenda consists of harnessing the forces of global economics to advance our diplomatic agenda and putting the tools of our diplomacy to work to meet our economic goals. We are committed to using every opportunity available to advance not only our diplomatic and political priorities, but our economic and commercial goals as well. The Bureau of African Affairs at the Department of State has instituted a number of programs that move beyond the traditional focus on development assistance and that place a special interest on promoting a full range of commercial and trade activities.

I recently led a trade mission to Mozambique, Tanzania, Nigeria, and Ghana with ten U.S. energy companies ready to do business. A lack of reasonably priced reliable power remains one of the most significant constraints to economic growth throughout Africa. Governments across the continent are working to address these constraints to attract new trade and foreign investment that will sustain their rapid economic growth and build their middle class. The goal of this mission was to highlight opportunities for U.S. companies and help address a glaring need for increased power sector infrastructure in Africa. By all accounts, the mission was a success, and a number of these U.S. companies concluded agreements or are currently exploring possible opportunities to develop African power projects. The African Affairs Bureau plans to lead similar trade missions in other sectors in the future and will continue to help and encourage U.S. companies to be a part of the growing economic dynamism of Africa.

In February, Secretary Clinton hosted representatives from American Chambers of Commerce and business organizations from around the world for the first State Department led Global Business

Conference. The two day event included regionally focused sessions on how the U.S. government can help promote U.S. businesses abroad, increase U.S. exports and attract new investment to the United States, and create American jobs.

The State Department is also making a concerted effort to train overseas personnel in sub-Saharan Africa to better support U.S. businesses. For example, in March, we worked with the U.S. & Foreign Commercial Service to host a commercial training program for economic staff posted in 25 sub-Saharan African countries.

I understand that Scott Eisner from the U.S. Chamber of Commerce also will be testifying before you today; I want to note the importance we place on working with American Chambers of Commerce overseas. There are currently eight countries in sub-Saharan Africa with American Chambers of Commerce and we hope to see that number grow.

The African Growth and Opportunity Act (AGOA) currently is the centerpiece of our trade policy with sub-Saharan Africa. AGOA remains very relevant today not only for the trade preferences it provides

eligible African countries, but also for the platform it gives the U.S. government to engage in an economic dialogue with our African partners. For example, as part of the most recent annual AGOA eligibility review, the U.S. government notified seven different African countries about several issues which could potentially put these countries' continued AGOA benefits at risk. These issues ranged from import bans on certain U.S. products, concerns about the protection of internationally recognized worker rights and weak investment climates. The AGOA eligibility review provides an effective policy tool and incentive structure that helps to create a level playing field for U.S. companies seeking opportunities in the region.

The annual AGOA Forum also gives the U.S. government an opportunity to communicate our trade and investment priorities to African ministers of trade, commerce, and agriculture among others. This year's Forum will take place here in Washington DC on June 14 and 15 and will focus on how to improve Africa's infrastructure to facilitate and increase trade. The Forum will also include civil society and private sector sessions. In addition, we look forward to building on

the success of the African Women Entrepreneur Program (AWEP), launched during the 2010 AGOA Forum. Approximately forty leading African women entrepreneurs will participate in meetings here in Washington, DC, Ohio, and New York to connect with other business leaders and participate in part of the AGOA Forum.

The State Department, in collaboration with several U.S. Government agencies, will host the U.S.-Africa Business Conference from June 21-22 in Cincinnati, Ohio, following the annual African Growth and Opportunity Act (AGOA) Forum. The U.S.-Africa Business Conference expands on the policy discussions that take place during the AGOA Forum by providing an opportunity to showcase U.S. business expertise to potential African clients, and to highlight trade and investment opportunities in Africa to U.S. exporters and investors. Cincinnati was selected as the conference location for its potential to increase commercial partnerships with Africa at local, state, and regional levels. The U.S.-Africa Business Conference will include structured networking opportunities for African government officials and business leaders with U.S. state and local government officials and business

leaders; informational sessions on U.S. government opportunities and services from various federal agencies; and site visits to companies and organizations. Echoing the theme of the AGOA Forum, the event will focus broadly on infrastructure development, including energy, transportation, and water and sanitation. We expect the conference to attract a number of AGOA Forum participants, including African ministers of trade, infrastructure, and energy, as well as relevant African business leaders and entrepreneurs, and U.S. private sector representatives. I am very excited about the Cincinnati event following this year's AGOA Forum. In 2010 we held a similar event in Kansas City, Missouri that was well worth the effort. By bringing African government officials and private sector representatives outside of the beltway, we can facilitate a fruitful discussion that goes beyond trade policy and leads to business to business linkages.

I would like to end my comments on what I think is a very serious and pressing matter: the potential impact of a delayed renewal of the third country fabric provision of AGOA. Third country fabric has been one of the most successful components of the AGOA legislation and can

be credited with creating tens of thousands of jobs in countries such as Lesotho, Kenya, Swaziland, and Mauritius. I have heard from representatives of a number of these countries that apparel orders are drying up due to the uncertainty surrounding the provision. In Lesotho, which is the largest African apparel exporter to the United States, our embassy reports that there are no U.S. orders for apparel after July and transactions are usually made six months in advance. Our Embassy in Nairobi recently reported similar news and estimated that 40,000 factory workers could very likely lose their jobs if third country fabric is not renewed in a timely manner. The apparel industry in these countries rely on the third country fabric provision; without it there is a very real possibility that the investors in the apparel factories will pack up and move production to some other part of the world as we saw in Madagascar following its loss of AGOA eligibility in 2009. This would cause enormous economic strife in countries that are strong partners of the United States. For example, in Swaziland approximately 15,000 people, mostly women, work in the apparel sector and we estimate that each factory worker supports ten additional people. If third country



fabric is not renewed soon, these jobs will disappear and Swaziland's 41% unemployment rate will likely jump to 50%.

Chairman Smith and Members of the Committee, I want to thank you for the opportunity to appear before you today. I will be happy to answer any questions you have.

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Mr. SMITH. Without objection, so ordered. We thank you for your testimony. We will take a short break. We have three votes on the floor and about 2½ minutes to get to the floor to make the first one. So we will stand in recess.

[Recess.]

Mr. SMITH. The subcommittee will resume its sitting. And I would like to invite Ms. Liser, if you could present your testimony. And again I want to apologize for that break. We did have three votes and they went longer than they should have. Thank you.

**STATEMENT OF THE HONORABLE FLORIZELLE LISER, ASSISTANT UNITED STATES TRADE REPRESENTATIVE FOR AFRICA, OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE**

Ms. LISER. Thank you, I should know that.

Chairman Smith, Ranking Member Bass, I don't see Congressman Rush back yet, but we just wanted to thank you for the opportunity to speak with you today about the Obama administration's trade policy to increase U.S. exports to Africa. We welcome your interest in this timely topic and we agree with the stated premise of the proposed legislation that growth in U.S. exports to Africa would have a positive effect on the U.S. economy in terms of U.S. exports and supporting jobs as well as advancing economic growth on the African continent.

Let me just say that my full testimony was submitted, and I am going to summarize as briefly as I can that testimony and add a few additional points that I would like to share.

First of all, we all recognize that Africa is indeed a frontier market with the kinds of growth rates that we see, the reforms that have taken place in many of the sub-Saharan African countries, the doing-business reforms that they have made, the leadership that we are now seeing on the continent and advances in democracy, fewer conflicts, we recognize that Africa's time has come and that many countries recognize the importance of that as a market for their exports, and we certainly want to make sure that U.S. businesses also see the opportunities that are there.

I heard someone say the other day at a meeting that if you are a U.S. company looking to grow, then you absolutely must have an Africa strategy. Without an Africa strategy, your chances of growing and taking advantage of that market with growing middle income persons, the youth bulge, discretionary income that is growing there, you would not be a wise company on this end if you did not take advantage of the U.S. market.

Let me just say that we are pleased that both through legislation, like the legislation that has been introduced and the African Growth and Opportunity Act (AGOA) that there are in addition to legislation, a number of tools that we are using right now that we hope are advancing the U.S.-Africa trade and investment relationship. I think you all know that we have Trade and Investment Framework Agreements, TIFAs, with a number of individual countries and regional organizations in sub-Saharan Africa.

Our TIFAs are important tools for strengthening economic relations with key countries and regional organizations. They provide a formal mechanism to address bilateral trade issues and to help

enhance trade and investment relations between the United States and key sub-Saharan African trade and investment partners.

In addition, we have several Bilateral Investment Treaties with six sub-Saharan African countries, and we are currently in the process of negotiating a seventh BIT with Mauritius. We are also hoping to have discussions with Ghana on a Bilateral Investment Treaty. Investment is critical for Africa's development, and U.S. BITs help to protect U.S. investment and promote economic growth.

In addition, we are using a number of tools in the interagency process such as the Trade Policy Staff Committee which manages the everyday responsibilities of coordinating U.S. trade and investment related policies, and ensuring that U.S. business interests are reflected in all of our trade negotiations and initiatives including those in Africa. We also have the Trade Promotion Coordinating Committee and the Export Promotion Cabinet, which has developed a national export strategy, and these together are implementing the National Export Initiative as part of the administration's efforts to double exports.

Finally, I would be remiss if I did not mention the Trade Advisory Committee on Africa, which was established by Congress in AGOA legislation and consists of presidentially appointed individuals from the U.S. private sector, nongovernmental organizations, and academia, who provide advice to the U.S. Trade Representative and the administration specifically on key U.S.-Africa trade and investment issues.

Finally, we are in the process of implementing the African Growth and Opportunity Act, and as part of that process among other things, as Ambassador Carson said, we annually review the 48 countries in sub-Saharan Africa for compliance with AGOA eligibility criteria which includes their making progress on eliminating barriers to U.S. trade and investment.

The administration is committed to building a strong partnership with Africa that reflects the continent's vital and growing role in international global trade and that is mutually beneficial. At the heart of our engagement with sub-Saharan Africa is of course AGOA. And for three administrations AGOA has defined our trade relationship with the continent and been responsible for expanding and diversifying African exports to the United States.

I would like to reassure the members of this subcommittee though that our efforts to help spur growth and development in sub-Saharan Africa through programs like AGOA do not impede our drive for promoting U.S. exports to the continent. Not only has AGOA been good for Africa, but it has also been good for U.S. businesses. By providing incentives and support for African economic reforms, AGOA has helped to foster an improved business environment in many African countries that has attracted investment and enabled U.S. exports to the region to more than triple since 2001.

Sub-Saharan Africa presents a wide range of business opportunities for U.S. businesses as many of the fastest growing economies in the world with rapidly growing middle class consumers are on the continent. The continent has enjoyed significant economic growth in the last few years, and returns on investment in Africa rarely dip below 10 percent, representing one of the highest rates

of return in the world. AGOA has also helped increase the demand for U.S. products in the region by helping to promote economic and political reforms and to create business-friendly environments.

As African businesses seek to take advantage of trade opportunities under AGOA, they are seeking U.S. inputs, expertise and joint venture partnerships. U.S. merchandise exports to sub-Saharan Africa continue to rise, growing by over 23 percent in 2011 from the previous year with notable gains in agricultural goods, machinery and transportation equipment. These exports support thousands of U.S. jobs and help African countries to modernize their economies. For instance, last year alone the United States made over \$1.5 billion in aircraft sales to African countries like Ethiopia, Angola, South Africa and Rwanda.

Africa's growing middle class is increasingly demanding high quality U.S. products, ranging from motor vehicles where U.S. exports to sub-Saharan Africa increased last year by over 40 percent to \$3.5 billion, to poultry products where U.S. exports increased by nearly 50 percent last year to nearly \$400 million.

Let me share with you a chart that provides information on U.S. exports to Africa, which I think you will find useful.

[The information referred to follows:]

**All Export Commodities: FAS Value by Country Group and FAS Value  
for USITC CTRY GRP: SUB\_SAHARA**

**U.S. Total Exports**

**Annual Data**

Countries with over \$1 billion in U.S. exports in 2011				
2011 Rank	Country	2010	2011	Percent Change 2010 - 2011
		<i>In 1,000 Dollars</i>		
1	South Africa	5,626,690	7,294,030	29.60%
2	Nigeria	4,039,711	4,814,875	19.20%
3	Angola	1,291,603	1,500,924	16.20%
4	Ghana	982,661	1,192,524	21.40%
5	Ethiopia	764,585	689,975	-9.80%
6	Benin	465,595	620,597	33.30%
7	Kenya	362,727	464,384	28.00%
8	Mozambique	225,007	452,966	101.30%
9	Eq Guinea	271,750	286,438	5.40%
10	Senegal	217,729	262,468	20.50%
11	Tanzania	163,581	257,834	57.60%
12	Guinea	85,218	255,454	199.80%
13	Mauritania	83,442	243,223	191.50%
14	Congo (ROC)	254,538	226,829	-10.90%
15	Cameroon	132,360	220,831	66.80%
16	Togo	169,757	214,061	26.10%
17	Gabon	242,938	204,022	-16.00%
18	Liberia	190,076	194,799	2.50%
19	Congo (DROC)	93,418	166,265	78.00%
20	Namibia	109,880	137,382	25.00%
21	Djibouti	124,404	132,835	6.80%
22	Cote d'Ivoire	162,625	130,299	-19.90%
23	Zambia	56,486	129,127	128.60%
24	Rwanda	30,594	119,574	290.80%
25	Sierra Leone	61,093	103,463	69.40%
26	Uganda	94,404	93,977	-0.50%
27	Malawi	37,001	66,040	78.50%
28	Zimbabwe	67,535	59,936	-11.30%
29	Sudan*	0	59,936	N/A
30	Madagascar	116,010	56,079	-51.70%
31	Mali	37,332	55,019	47.40%

32	Mauritius	40,028	45,951	14.80%
33	Niger	50,033	44,855	-10.30%
34	Botswana	47,211	43,776	-7.30%
35	Chad	88,175	35,247	-60.00%
36	Burkina Faso	46,533	33,519	-28.00%
37	Burundi	14,386	32,789	127.90%
38	Gambia	29,278	29,386	0.40%
39	Swaziland	22,199	20,233	-8.90%
40	Seychelles	10,694	13,544	26.70%
41	Sudan prior2011*	115,545	13,430	-88.40%
42	Lesotho	11,330	13,150	16.10%
43	Cen African Rep	10,340	12,407	20.00%
44	Guinea-Bissau	4,344	11,848	172.80%
45	Cape Verde	9,976	11,351	13.80%
46	South Sudan*	0	7,362	N/A
47	Sao Tome & Prin	1,359	6,124	350.70%
48	Somalia	1,458	5,249	260.00%
49	Eritrea	2,385	4,251	78.30%
50	Comoros	1,259	1,095	-13.00%
<b>Subtotal USITC CTRY GRP: SUB_SAHARA</b>		17,067,280	21,091,735	23.60%
<b>Total</b>		<b>17,067,280</b>	<b>21,091,735</b>	<b>23.60%</b>

\* For 2011, Sudan prior2011 represents U.S. exports to Sudan from January 2011-July 2011 when South Sudan achieved independence. Thereafter exports to Sudan and South Sudan are reported separately.

Sources: Data on this site have been compiled from tariff and trade data from the U.S. Department of Commerce and the U.S. International Trade Commission.

Ms. LISER. I would be remiss if I did not also add my voice to Ambassador Carson's and many others in the administration and amongst the African diplomatic corps and many in the U.S. business community regarding the extension of third country fabric provisions under AGOA. As an urgent, immediate-term priority, we hope to work closely with Congress to renew AGOA's third country fabric provisions which expire in September 2012.

AGOA's performance, effectiveness and success are closely tied to the third country fabric provisions. These provisions are crucial to the continued survival of Africa's textile and apparel industry. Failure to extend these provisions is already affecting the competitiveness of Africa's apparel industry because global sourcing decisions for apparel are typically made up to 9 months in advance, imminently threatening significant job losses and factory closures throughout Africa in the coming months.

AGOA's third country fabric provisions are also important for the United States, because they provide American retailers with an incentive to diversify their supply chains away from other foreign textile sources and provide low cost sourcing options for our apparel retailers and U.S. consumers.

We look forward to working with you to promote U.S. exports to Africa and ensure that our trade policy continues to support jobs and export opportunities for America. I wanted to end by sharing, and I think you have it, a picture, which I think says far better than words what is happening with U.S. exports to Africa and which we would like to see a lot more of.

[The information referred to follows:]

On September 27, 2011, ArcelorMittal, the world's largest steel and mining company, celebrated the commencement of commercial operations in Liberia with the first shipment of ore in more than two decades. This marked an important milestone in the recovery of the Liberian economy, as well as the realization of their partnership with the government of Liberia which started in 2005. Before reaching this landmark, ArcelorMittal refurbished 240km of rail line, 150km of network roads, and brought in three GE locomotives with 70 wagons each to move the four million tons of iron ore that will be mined and shipped from Liberia each year to their plants in Europe and the open markets in Asia. Photo below shows three General Electric Locomotives being towed from Erie, PA where they were manufactured, to Norfolk, VA, where they were loaded on to a ship for Buchanan, Liberia. This journey took place in March 2011. In addition to GE, Caterpillar's division PRS is supplying components and rehabilitating the 200 ore wagons. Also all the 600,000 railroad ties came from West Virginia and Pennsylvania via Mobile, AL. The U.S. export value is estimated to be significant.



Ms. LISER. It is a picture of three GE produced rail cars that were in the process of being exported to Liberia for a steel and mining initiative. And those GE locomotives and the 70 wagons are moving 4 million tons of iron ore that is going to be mined and shipped from Liberia each year to its partners around the world. In addition to the GE locomotives, there were also other companies like Caterpillar who supplied various components and are rehabilitating the 200 ore wagons. And we believe that a number of U.S. companies and businesses and workers were definitely benefited by that transaction.



Let me end by saying that we would like to see a lot more of those kinds of initiatives take place, and we look forward to working with you to ensure that that happens. Thank you.

[The prepared statement of Ms. Liser follows:]

**Statement of Florizelle Liser,  
Assistant U.S. Trade Representative for Africa,  
Office of the U.S. Trade Representative  
Before the House Subcommittee on Africa, Global Health, and Human Rights  
April 17, 2012**

**Introduction**

Chairman Smith, Ranking Member Bass, and other distinguished members of the subcommittee, thank you for the opportunity to speak with you today about the Obama Administration's trade policy to increase U.S. exports to Africa. I welcome your interest in this timely topic. We agree with the stated premise of the proposed legislation that growth in U.S. exports to Africa would have a positive effect on the U.S. economy in terms of U.S. exports and supporting jobs, as well as advancing economic growth on the African continent. U.S. businesses face many challenges in exporting and doing business in African countries including poor business climates, small and fragmented national markets, and a variety of tariff and non-tariff barriers. USTR is an active and critical part of the Obama Administration's efforts to address these challenges, level the playing field for U.S. companies, and promote two-way trade (exports and imports) with our African partners.

**About USTR**

Through our interagency process, and as an office within the Executive Office of the President, USTR is responsible for coordinating the development and implementation of U.S. trade policy for Africa.

We lead the interagency engagement with our sub-Saharan partners on trade and investment issues, including under our eleven Trade and Investment Framework Agreements (TIFAs) with individual countries and regional organizations in sub-Saharan Africa. TIFAs are important tools for strengthening economic relations with key countries and regional organizations. They provide a formal mechanism to address bilateral trade issues and to help enhance trade and investment relations between the United States and key sub-Saharan African trade and investment partners. The United States currently has eleven TIFA partners in sub-Saharan Africa: Angola, Ghana, Liberia, Mauritius, Mozambique, Nigeria, Rwanda, South Africa, the East African Community (EAC), the Common Market for East and Southern Africa (COMESA), and the West African Economic and Monetary Union (UEMOA). Six of these TIFAs were launched since 2001. The Administration is using its TIFAs with sub-Saharan African countries to encourage new trade and

investment by implementing country- and region-specific strategies that promote two-way trade and investment.

Similar to a TIFA, we have a Trade, Investment, and Development Cooperative Agreement with the five countries of the Southern African Customs' Union (SACU)—Botswana, Lesotho, Namibia, South Africa, and Swaziland.

We also have bilateral investment treaties (BITs) with six sub-Saharan African partners<sup>1</sup> and we are currently in the process of negotiating a seventh (with Mauritius). Investment is critical for Africa's development, and U.S. BITs help protect U.S. investment and promote economic growth by advancing important reforms, supporting foreign investment, and encouraging the adoption of liberal policies that make doing business in Africa easier for U.S. businesses and others. Our BITs establish a framework of reciprocal protections that include nondiscriminatory treatment; free transfer of investment-related funds; prompt, adequate, and effective compensation in the event of an expropriation; and transparency in governance. U.S. BITs also give investors the right to bring investment disputes to neutral, international arbitration panels.

In addition to our traditional tools such as TIFAs and BITs, we are developing with the East African Community (EAC) a new trade and investment partnership that we hope to replicate with other regional organizations in Africa. This new accord will go beyond our usual TIFA model by bringing together, under one umbrella, the exploration of a regional investment treaty, creation of trade enhancing agreements in areas such as trade facilitation, targeted trade capacity building assistance to address challenges in selected sectors, and a commercial dialogue. We believe this new model will generate new trade opportunities for both U.S. and East African businesses. This new model would introduce a number of innovations to address the challenges to trading and doing business with African countries, including for the first time ever outside of an FTA applying our BIT model with a regional grouping; institutionalizing direct private sector engagement between U.S. and East African firms through the commercial dialogue; and building the foundation for a more comprehensive trade agreement in the future.

Finally, USTR leads interagency implementation of the African Growth and Opportunity Act (AGOA). As part of that process, among other things, we annually review the 48 countries in sub-Saharan Africa for compliance with the

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<sup>1</sup> Cameroon, Democratic Republic of Congo, Mozambique, Republic of Congo, Rwanda, and Senegal.

AGOA eligibility criteria, which includes their making progress on eliminating barriers to U.S. trade and investment. In 2012, 40 countries in Africa are eligible for AGOA benefits.

**U.S.-Africa Trade Policy**

The Obama Administration is committed to building a strong partnership with Africa that reflects the continent's vital and growing role in international global trade and that is mutually beneficial. The Administration seeks to create new trade opportunities, expand markets for U.S. goods and services in sub-Saharan Africa and facilitate efforts to bolster African economic development through increased bilateral, regional, and global trade.

At the heart of our engagement with sub-Saharan Africa is AGOA. For three Administrations, AGOA has defined our trade relationship with the continent and been responsible for expanding and diversifying African exports to the United States.

I would like to reassure the members of this sub-committee that our efforts to help spur growth and development in sub-Saharan Africa through programs like AGOA do not impede our drive for promoting U.S. exports to the continent. Not only has AGOA been good for Africa, but it has also been good for U.S. businesses. By providing incentives and support for African economic reforms, AGOA has helped to foster an improved business environment in many African countries that has attracted investment and enabled U.S. exports to the region to more than triple since 2001. Through our bilateral engagement with these countries within the context of the annual AGOA country eligibility review process, we have also been able to resolve some U.S. commercial disputes.

Sub-Saharan Africa presents many opportunities in emerging markets for U.S. exports. We work in coordination with other U.S. government agencies to ensure that our African partners remove barriers to trade and investment for U.S. businesses, farmers, and producers, and to expand our market share in the region. And by helping to promote economic and political reforms and to create business-friendly environments, AGOA has helped increase the demand for U.S. products in the region. As African businesses seek to take advantage of trade opportunities under AGOA, they are seeking U.S. inputs, expertise and joint-venture partnerships. U.S. merchandise exports to sub-Saharan Africa continue to rise, growing by 23.2 percent in 2011 from the previous year, with notable gains in agricultural goods, machinery, and transportation equipment. These exports

support thousands of U.S. jobs and help African countries to modernize their economies. For instance, last year alone the United States made over \$1.5 billion in aircraft sales to African countries like Ethiopia, Angola, South Africa, and Rwanda. Africa's growing middle class is increasingly demanding high quality U.S. products ranging from motor vehicles, where U.S. exports to sub-Saharan Africa increased last year by over 40% to \$3.5 billion; to poultry products, where U.S. exports increased by nearly 50% last year to nearly \$400 million.

#### **Renewal of AGOA's Third Country Fabric Provisions**

As an urgent, immediate term priority, we hope to work closely with Congress to renew AGOA's Third Country Fabric (TCF) provisions, which expire in September 2012. AGOA's performance, effectiveness, and success are closely tied to the TCF provisions. These provisions are crucial to the continued survival of Africa's textile and apparel industry. The majority of AGOA's apparel trade depends on these provisions. Failure to extend these provisions is already affecting the competitiveness of Africa's apparel industry, because global sourcing decisions for apparel are typically made up to nine months in advance, imminently threatening significant job losses and factory closures throughout Africa in the coming months. AGOA's TCF provisions are also important for the United States because they provide American retailers with an incentive to diversify their supply chains away from other foreign textiles sources, and provide low-cost sourcing options for our apparel retailers and consumers.

#### **Coordination of U.S. trade policy**

Much of what has been accomplished and that we continue to undertake in terms of enhancing U.S.-Africa trade is a result of significant coordination among a number of U.S. government agencies. USTR leads the Trade Policy Staff Committee (TPSC), which manages the everyday responsibilities of coordinating U.S. trade and investment-related policies and ensuring that U.S. business interests are reflected in all of our trade negotiations and initiatives – including those in Africa. There are, in fact, several TPSC subcommittees that focus on Africa. The Trade Promotion Coordinating Committee (TPCC) and the Export Promotion Cabinet (which consists of more than a dozen Cabinet officials and heads of agencies such as the Overseas Private Investment Corporation and the Export-Import Bank of the United States) have developed a National Export Strategy and are together implementing the National Export Initiative (NEI) – as part of the Administration's efforts to double exports. And the Trade Advisory Committee on Africa (the TACA) – established by Congress in AGOA legislation – consists of

Presidentially-appointed individuals from the U.S. private sector, NGOs, and academia who provide advice to the U.S. Trade Representative specifically on key U.S.-Africa trade and investment issues.

In our TIFA meetings with African partners, a number of U.S. agencies participate and help take action, as appropriate, to increase two-way trade and eliminate barriers to U.S.-Africa trade; and as part of our TIFA meetings, we sit down with U.S. businesses to learn what their experiences are and to address any concerns they have in exporting to or operating in TIFA partner countries.

Outside of these mechanisms, staff from many U.S. government agencies regularly travel to African nations to help advance our trade and investment agenda, discuss existing and explore new opportunities for U.S. businesses, and lead trade missions with participants from the U.S. private sector. There are far too many examples to mention in this testimony, but USTR would be happy to provide the Members and subcommittee with information on how U.S. businesses are expanding their presence in rapidly growing African markets as a result of these efforts.

**Conclusion**

In conclusion, I would like to thank this subcommittee for your thoughtful consideration of critical U.S.-Africa trade issues – particularly how to support more American jobs through greater exports to Africa. We look forward to working with you to promote U.S. exports to Africa and ensure that our trade policy continues to support jobs and export opportunities for America.

Thank you

Mr. SMITH. Thank you, Ms. Liser, so very much for your testimony. Let me just ask Ambassador Carson, with the AGOA forum, which you talked about in your testimony, about to take place on June 14th and 15th, what is going to be the State Department's main theme in engaging African governments at that ministerial?

Ambassador CARSON. Thank you very much. We are going to focus on energy and infrastructure and continue to encourage economic reforms that will attract greater American business and American interest to the African continent.

Mr. SMITH. Let me ask you, Ms. Liser, how have the Trade and Investment Framework Agreements that you just mentioned in your testimony helped open up markets for American goods, and what have been the deficiencies that need to be rectified?

Ms. LISER. Well, we think that one of the processes that has happened under our TIFAs is the opportunity to bring together on both sides as well as, the government workers as well as the private sectors to talk about the opportunities for enhancing trade and investment between ourselves and the TIFA partner. And one of the things we have been able to do in our TIFA discussions is to raise some of the concerns that our businesses have. Sometimes it is the perfect opportunity to say, okay, you have this barrier, you have this import ban, you have these rules on getting licenses, et cetera that are standing in the way. And we have found that through the dialogue we have been able to get these governments to address some of those barriers that are preventing U.S. businesses from being able to operate effectively in those countries.

In terms of where there is a need for improvement under the TIFAs, we tell the countries, our country partners, all the time that the TIFA can only be as good as the work that they put in on their end and we put in on our end. And so one of the things that we try to get them to do is to not wait until they sit down with us after 18 months to, over the course of 2 days to start addressing some of the issues that have been raised.

To the extent that we have a number of our TIFA partners who do well at addressing the issues in between the meetings like Mauritius, like Ghana, like Rwanda, we find that we have been able to enhance our trade investment relationship with them very well under the TIFAs.

Mr. SMITH. Let me just—a little background. Some of you may know this, but if you don't know I authored the Trafficking Victims Protection Act of 2000, which created a coordinated strategy for combating modern day slavery. In like manner also in 2000, I wrote what became the Combating Autism Act. And again the key there was that the NIH has a very, very well focused strategy on combating autism. I remember I was the sponsor of the legislation that just got signed in the fall to reauthorize the Combating Autism Act for the next 3 years.

My point is, the key to our legislation that the three of us have sponsored is creating a strategy—and I know you have strategies, I know there are many, you are doing an outstanding job on trying to increase trade with Africa. But we have laid out eight different areas where there would be a more, a coordinated blueprint for action trying to get everybody on the same page, avoid duplication but also ensuring that we also put an emphasis on exporting,

which I think we have put some emphasis on, but the hope is that we will put even more on.

And I am wondering what your thoughts are in looking at the legislation. I am not asking yet for an endorsement. We certainly would love for the administration to endorse the bill. It is a bipartisan bill as you know. Just so that we could get it to, before this session ends, this legislation, on the President's desk so it could be very robustly implemented.

The strategy, have you looked at the eight provisions? Do you find we have identified some things that have not been heretofore well coordinated? And what perhaps do you think ought to be added to the bill to improve it?

Ambassador CARSON. Mr. Chairman, I won't speak specifically to the specific provisions of the bill because as I have said, we have not taken, the administration has not taken a position on it. But let me say that the administration, certainly Secretary of State Clinton, is focused very much on doing as much as we possibly can to strengthen trade around the world, but also in Africa.

She has a policy of promoting economic statecraft and economic diplomacy using all of our Embassies in Africa and all of our ambassadors in Africa not only as our top diplomats but as our top trade promotion and commercial representatives. We want our Embassies in Africa to be known as hubs that can assist U.S. businessmen and women and investors to do business in Africa and to use our facilities to encourage trade and trade opportunities with local governments.

I have mentioned in my testimony that in February of this year I organized and led a trade mission to four African countries. That trade mission brought together some 10 American energy companies to look at real opportunities in Africa in four very successful African states that had great energy needs and great energy potential. We think that we need and will do in the future, more of these kinds of focused trade missions, whereby we can help American countries be introduced to particular markets to gain access to senior government leaders and to network with local business officials.

We also believe that it is critical to increase the level of awareness and information about the existence of opportunities in Africa. We have to break down the fear and apprehension that exists among some American companies about what exists in Africa. All too frequently the continent is looked at as a single entity and not as some 49, certainly in sub-Saharan Africa, some 49 different states.

There are enormous, enormous opportunities in economies that are growing rapidly that have enormous and outstanding potential, who have the kinds of markets which American companies should be interested in, but they don't know yet about them. The other thing that we have got to do is—

Ms. BASS. Can I interrupt you for just a second?

Ambassador CARSON. Yes, ma'am.

Ms. BASS. You were referring to four countries that you had very successful energy exchange with. Which countries were you referring to?

Ambassador CARSON. Yes, ma'am. Those countries were Mozambique, Tanzania, Nigeria, and Ghana. Three of those countries are

very high performing economies that are growing rapidly. All of them have tremendous energy needs, but all of them have enormous capacity to not only supply energy to their own countries but to the region as a whole.

Mozambique has hydroelectric potential capable of not only satisfying the Mozambique market but also Tanzania and much of South Africa. It also has enormous gas deposits both Tanzania and Mozambique do as well. These are countries that are going to grow rapidly and they have a lot of potential.

I think Congressman Rush in his remarks noted that all too often one looks at Africa and only thinks of the difficult places, the Sudans, the Somalias, the eastern Congo. We need to not focus on the difficulties that exist in some places, mix them up with the success, the promise, the potential and the enormously good prospects that exist across the continent in the Tanzanias, the Mozambiques, the South Africas, the Botswanas, the Ghanas, the Namibias, the Senegals, the Cote d'Ivoires where there is enormous potential, and where people are frequently frightened away because of something that is happening several thousand miles away. We have to break down these suspicions and concerns that are there. We have to educate the American business community about the enormous potential.

We do look at strategies, and as I say AGOA is a part of that. More trade missions represents a part of that. Secretary of State's economic statecraft and diplomacy are a part of that. Working with our colleagues at Ex-Im Bank, with OPIC, with the U.S. Trade Representative's office are also a part of that to ensure that we can leverage what we do.

And final comment, when we were out on the road in Africa on this energy trade mission, we had two of our colleagues from the Export-Import Bank were along with us. They can finance major projects. We also had a representative from the U.S. Trade Development Agency with us, and they finance major feasibility studies. We would have been joined by a colleague from OPIC, but they had a serious illness in the family and could not come at the last minute. So it is, in fact, not just us in the Department but a whole of government approach to the way we are trying to do this.

It is important that we focus on the business and commercial side of this. This is the way that Africa is going to achieve sustained long term development and growth.

Mr. SMITH. I have a number of questions, but out of deference to our second panel and my colleagues and you for the delay, I will just ask two final questions and then submit other questions for the record.

I will ask you if you could, Mr. Ambassador, if you could provide us, the administration, views on the legislation. It would be very, very helpful. I mean we are looking for a partnership here and any constructive criticism, language you think ought to be incorporated, because delay could quickly become denial and this session will end and then the whole process has to start all over again. And we all know how long it takes to start it up again.

Let me just ask you, with regards to Ex-Im Bank. I have read their strategic plan very carefully. I would note parenthetically that Nigeria and South Africa account for over 50 percent of the



U.S. exports to sub-Saharan Africa. A part of the reason for the bill is to try to expand and to have a more robust effort strategy-wise to make sure that west Africa and so many other countries and regions are included.

And there are nine focus countries at Ex-Im Bank, why there is not a greater focus on other countries, perhaps they should give us an answer to that. But in the legislation we do call for deployment or redeployment of more Ex-Im Bank personnel, a greater focus on Africa. They shift it from other areas. And so if you could speak to that issue.

And secondly, the general wisdom is that the GDP of Africa will double in the next 10 years from \$1.6 trillion. Have there been any qualitative analyses as to how foreign sourcing particularly to the PRC has hurt our ability to export especially finished products to China? I mean all of these trade policies go hand in hand, and obviously when most favored nation status that particularly relates to PNTR, without any linkage whatsoever to human rights and labor rights, China has gotten a huge benefit from that without commensurate benefits to the people of China and the working people especially. Not so with Africa. I mean there I think we can count on more people getting jobs at greater salaries and benefits than a dictatorship could ever provide.

So this idea of analysis, has anybody looked at China, how our ill-advised policies toward Beijing and their ability to make finished products and then flood not just the U.S. but now sub-Saharan Africa with products, how that pushes us out of the picture of being able to export? Those two questions.

Ambassador CARSON. Mr. Chairman, I am not aware of such a study, but I will go back and ask whether our colleagues who cover China and Asia, about whether such a study exists.

Mr. SMITH. I would appreciate that. Because many of our factories have disappeared, but the focus of the bill, part of the focus, is meeting in smaller businesses which have not disappeared. And as we wrote into the language, trying to get more of the diaspora involved with, an even greater motive to reconnect with Africa seems to incentivize more trade which means everybody wins. So if you could look into that. The larger businesses have foreign source. They are now in China, but the others have not.

And on the other question with the Ex-Im Bank?

Ambassador CARSON. I am not going to try and answer for the Ex-Im Bank officials, and I think that one is more directed at them and their particular strategy. I will say that they have been very good colleagues with us. They joined us on our energy trade mission back in February, and I know that they are looking and have been increasing the amount of funding that they have put into Africa. We think that it is very important that when American companies find opportunities to make sales that they have the support of organizations like Ex-Im Bank to help facilitate the financing.

But I think your specific question, Mr. Chairman, should be addressed to Ex-Im Bank. I would not do it justice. I am not familiar enough with the internal strategies and workings of that organization.

Mr. SMITH. But you wouldn't disagree with their finding that half of all of our exports go to Nigeria and to South Africa, leaving large

numbers of other countries where there could be, and that is not what they help facilitate. They claim in their strategy that that is where most of our exports go. Is that true?

Ambassador CARSON. Well, let me just say I think that they probably are using a fair amount of their money, their financing to support major capital purchases and investments such as aircraft, GE locomotives, GE medical supplies, large sales of machinery and equipment, and probably a lot of it going to support not only those kinds of capital purchases and expenditures, but those that may be related to mining and oil as well. That is again off the top of my head, but I would argue that is probably why it is concentrated there.

Mr. SMITH. Ms. Liser?

Ms. LISER. Let me just also add though that while South Africa and Nigeria are our top two U.S. export markets in sub-Saharan Africa, the other three of the top five are Angola, Ghana and Ethiopia, and we are sending a range of products to them. Machinery, vehicles and parts, some process oil products, aircraft, poultry, cereals.

So I think that when you look at the chart I shared with you all, in terms of the numbers we have various countries where we are shipping over \$1 billion in exports to them, and then a number of other countries where there has been significant growth between 2010 and 2011. So our view is that the trade between the United States and these countries is diversifying. We are getting more of a range of products coming from them to us and more of a range of products going from the U.S. to a wider range of countries there as well.

Mr. SMITH. And before yielding to Ranking Member Bass, Ambassador Carson, if you could get back to us on that if there is any qualitative analysis and whether or not perhaps that could be undertaken. We need to know, our chief competitor is the PRC, and when you have got gulag labor and a whole host of people receiving, large numbers of workers getting 10–50 cents per hour with no OSHA regulations at all, obviously it is hard for us to compete with that, but we need to know what we have been losing. Because again, we want to export good, fine products that have been made by workers who have been well paid with good benefits just like we want Africa to have the same.

Ms. Bass?

Ms. BASS. Thank you. I wanted to ask you a few questions and ask you, some of it you have already made reference to, but for me especially being relatively new would appreciate you being very specific of, for example, the Ambassador talked about eight countries that have U.S. Chambers. I would like to know which countries they are. And I mean if you don't have the information with you, if you could get back to me. And then what are some of the companies that are involved in these Chambers in the various countries?

Ambassador CARSON. Let me say that I think that someone from the U.S. Chamber, Mr. Eisner, is going to testify on the second panel and he can give you the list of companies. But I would say—

Ms. BASS. You referenced those in your comments, that is why I was directing those to you.

Ambassador CARSON. No question, absolutely. But I think he can give you the most definitive response. But I think you will find in those countries, obviously the largest one is in South Africa, and there are some 600 American companies represented with offices, direct investment or representatives in that country and they cover the entire range. But I will let Mr. Eisner speak to that.

Ms. BASS. And then following up on what the chairman was raising in terms of countries where we do business, I know one issue that you were trying to get at which what is the strategy, what are we doing to expand it beyond the handful of countries?

Ms. LISER. You are speaking of the handful of countries we are exporting to?

Ms. BASS. Right, exactly.

Ms. LISER. But what I was trying to say earlier is that we actually have a wide range of countries that we are exporting various U.S. products to, and that continues to expand.

But I do think that one of the things that you have mentioned in the bill that is very important in this process is educating and encouraging a greater understanding among U.S. businesses, and from our point of view small businesses. Because I think many of you know that the majority of our exporters from the United States are actually small businesses, and so we think that it is important to try to get out and communicate to them opportunities in Africa.

And some of the small businesses don't actually do much exporting in general, so educating them about why they should look at Africa as a growth opportunity for them and for their small companies is something that we do but we could probably do much more of. And I think that we have a number of the U.S. agencies at the U.S. Export Assistance Centers that are spread all around the country that have the Department of Commerce person there, Ex-Im Bank, OPIC, SBA. And I think that we are working with them to try to make sure that our small businesses, diaspora-owned, minority-owned, women-owned businesses have a better understanding of where these opportunities are. Without them doing that all the policies that we put into place and strategy that we have in the U.S. Government will not necessarily result in the kind of exports that we want to see.

Ms. BASS. It would also be helpful if the USTR would give us an analysis or assessment of the bill from your vantage point as well. The bill calls for USTR and the Ex-Im Bank officials to explore opportunities to negotiate new trade agreements in Africa, and I wanted to know your opinion of what kinds of trade agreements are most needed to foster that investment.

Ms. LISER. Well, I think first of all, we have these Trade and Investment Framework Agreements which are in place. They cover now a wide range of countries because some of those agreements are with regional organizations, and I noticed in the bill that you talk about promoting regional integration as well. And we are trying to do that through these TIFAs with the East African community or the common market for Eastern and Southern Africa or the SACU countries.

So we think that that will help to basically work with a wider range of countries to enhance our U.S. trade and investment relationship.

Ms. BASS. And to what extent are U.S. businesses taking advantage, from your opinion, of the Ex-Im Bank and OPIC for commercial activity in Africa, either one?

Ms. LISER. Again I would say what Ambassador Carson said that it is best to get that from them. But my understanding, I was just at the Export-Import Bank annual conference the other day, on Thursday and Friday, and then have also worked closely with OPIC.

OPIC will tell you that their what they call exposure in Africa is actually very large. They have a number of loans and products that they are undertaking in sub-Saharan Africa, and I believe the same is true for Export-Import Bank. But I would just say that from what I can tell, there is a lot of activity on their part and a lot of businesses that they are facilitating to be in Africa from our end. So we can make sure that they have the questions and get back to the committee with a more detailed answer.

Ms. BASS. That would be great. Thank you very much.

Mr. SMITH. Mr. Rush?

Mr. RUSH. Thank you, Mr. Chairman. Ms. Liser, I want to follow up some on the line of questioning that Chairman Smith asked. You are in charge of trade negotiations and policy at the USTR, and in that capacity I believe that you are part of the Trade Policy Staff Committee, is that true?

Ms. LISER. Yes.

Mr. RUSH. What is that committee?

Ms. LISER. The Trade Policy Staff Committee is the interagency process and committee that we have for discussing a wide range of trade policy issues all over the world actually. Within the Trade Policy Staff Committee we have a subcommittee on sub-Saharan Africa where we look at the U.S.-sub-Saharan Africa trade issues more specifically, and we also have a subcommittee on implementation of the African Growth and Opportunity Act. And that committee is the one that comes together annually to look at the 49 countries in sub-Saharan Africa and the criteria that Congress set up for AGOA eligibility and determine what to do.

So I would say that that is the committee, that the Trade Policy Staff Committee is the process that we use to really coordinate with a wide range of U.S. Government agencies from the Department of Agriculture to U.S. Trade and Development Agency, OPIC, Ex-Im, State Department, Commerce Department and many others on our trade policies. I would say that is also the committee that when we were negotiating a free trade agreement with the five countries of the Southern Africa Customs Union, with SACU, up until about 2006 that is the committee that we would meet with to discuss our negotiating positions, what we wanted to offer to them and what we were looking for to get back from them as a part of those negotiations.

Mr. RUSH. And what is the status of your, you said in 2006 you were engaged in a vigorous, robust process to develop free trade agreement with certain African countries. And in the last 6 years has anything, what is the status of that?

Ms. LISER. The U.S.-SACU Free Trade Agreement negotiations, we essentially came to point where we realized that their goals for the negotiations and ours, in terms of what Congress expects us to do in a free trade negotiation, we have what we consider to be gold standards for our free trade agreements, and the SACU countries were not in a position at that time to pursue that.

Since then we have pursued with them a Trade and Investment Framework Agreement with the five SACU countries, and so we are trying to address some of the trade and investment challenges and issues that we have with those five countries through that TIFA.

I would just mention one other thing that is a new trade and investment initiative that we are pursuing with the five East African Community countries. And within that we hope to negotiate a regional investment treaty instead of a bilateral one, one country at a time. And this would be innovative. We have never done that before. So we would do a regional investment treaty and then we would also seek to negotiate with them, agreements on some key areas such as trade facilitation or standards. And by doing so we think that that would improve the business environment on their end. It would help U.S. businesses to be able to take advantage of the markets in East Africa, which as you know includes Kenya, Uganda, Tanzania, Burundi and Uganda, and we also believe that it would support regional integration.

So I mention that to make the point that we are trying to find new kinds of tools and trying to see if we can use those to advance the relationship. We know that many things have changed since AGOA came into a place in 2001, and we cannot depend in 2012 solely on AGOA in order to advance our trade investment relationship with them.

Finally, there are the bilateral investment treaties. And I do think that those are also important both for protecting the rights of U.S. investors in countries and also helping to improve the overall business environment in those countries as well.

Mr. RUSH. Well, in your opinion, how far are we away, this is an estimate on your part and I know this, this is looking into the future. From where we stand now, how far are we away from either a bilateral free trade agreement with an African country other than Morocco, a sub-Saharan African country, how far are we away either from an original free trade agreement or a bilateral free trade agreement?

Ms. LISER. I think that we are actually getting to a point where we want to sit down, as we are looking at extending AGOA, it is a perfect time and opportunity to sit down with the countries in sub-Saharan Africa and particularly some of the key ones, and to say to them that as we consider on the U.S. side extending AGOA, we also want to explore other possibilities including potential free trade agreements with some of the countries.

And I think that it is more of a challenge to negotiate with a group of countries. It is far more difficult because then you are dealing with laws and regulations across a group. But we do think that as opposed to what the Europeans are doing, we don't want to break apart the regional groupings that they have. We think we should honor and respect what they are trying to do.

So again we hope that this new initiative that we have launched with the East African Community could be a building block for a free trade agreement with them. That by the time we have negotiated what we call chapters, a chapter on investment, that is what the regional investment treaty would be, a chapter on standards. A chapter on trade facilitation. A chapter on customs rules. That those are the very chapters that go into an FTA.

So through this process we do see that this may be an avenue to that and then beyond that I think that we will be discussing over the next year or 2 with some of the other African countries what are the possibilities for bilateral free trade agreements.

Mr. RUSH. I would like to ask both of you a yes or no question. It is a simple yes or no question. Do you think the U.S. has enough commercial officers in the various hubs in Africa, especially in those countries that are considered as economically advanced? Yes or no?

Ambassador CARSON. Congressman Rush, Secretary Clinton has been very, very definitive in stating that every American ambassador is a commercial officer on behalf of the United States Government. Every Embassy is a commercial Embassy as much as it is a political Embassy. So if you operate under the notion that our ambassadors are doing commercial work, that our Embassies are representing American business and commercial interest, we are represented universally.

Mr. RUSH. Is that a yes answer? Is that a yes?

Ms. Liser?

Ambassador CARSON. Congressman Rush, I thought I had slipped around that. But let me say, the assignment of commercial officers overseas is a responsibility of the Department of Commerce. So I think that that again, like the Ex-Im Bank question, is one that should be directed at the Department of Commerce.

But again my response is, Secretary Clinton's strategy and policy is very clear that we believe in economic statecraft and diplomacy. Every American ambassador overseas is supposed to be working on behalf of American business interest as much as our foreign policy and political and security interest. And each one of our Embassies should, in fact, be a projection of our values at home including our business and commercial values.

Mr. RUSH. Ms. Liser, yes or no?

Ms. LISER. My one word answer is ditto, everything that the Ambassador has said, thank you.

Ms. BASS. So if that is the answer then could you explain what in addition those offices would do? Because it sounds like they are not really needed because the Embassy does all that, so what in addition would they do?

Ambassador CARSON. The things that they bring to the table are a closer relationship with the American business community. They bring to bear a network of offices around the United States that are in direct contact with both large and small and medium sized enterprises, some that are frequently not aware of the potential and opportunities that exist in Africa.

As I understand it, the Department of Commerce operates a number of regional offices around the United States where they are engaged in helping small, medium sized and large businesses to

find markets and to find opportunities. They can help in that way probably in a more direct sense than we can.

We have a number of specialists in the field who do economic and financial work. They bring to bear specialties in trade promotion, identification of trade opportunities, the ability to find companies that fit into a marketplace to fill a tender that may add a degree of fidelity and expertise that we may not always know.

We all know Boeing. We all know GE. We all know the very large players. But as my colleague said earlier, if we are looking for smaller companies in the United States that are unfamiliar with the marketplace, there may be commercial offices in the United States who can be linked up to fill that niche that may be useful in Ethiopia or Nigeria or South Africa. They have a role to play, but again I go back to the statement that I said, as an ambassador overseas today in Africa, the job is not simply dealing with political issues or refugees or security issues, it is dealing with commercial issues as well. We are trying to promote that seriously and intensely.

Mr. RUSH. In the interest of time I really would like to insist upon a yes or no answer to the following question. Do you believe efforts should remain to accelerate African regional integration, yes or no?

Ambassador CARSON. Absolutely, yes.

Mr. RUSH. Ms. Liser?

Ms. LISER. Yes.

Mr. RUSH. Do you believe cultural understanding and appreciation is a powerful tool to advancing our commercial and foreign policy?

Ms. LISER. I will take the first yes on this one.

Ambassador CARSON. The answer is yes, better understanding never hurt anyone.

Mr. RUSH. All right. In 10 years of AGOA, African countries still need technical assistance to further benefit from the preferential treatment especially in the non-oil sector. Now that we know that the African diaspora is one of the best educated demographic groups around the world and is willing to trade, do you believe that they could fill that gap, members of the diaspora?

Ms. LISER. I know you wanted a one-word answer, but I want to say that not only is the answer yes, but that we are actually seeing that right now. I have visited factories and facilities in different African countries where had it not been for African diaspora who had moved from the U.S. back to their home countries, those factories and businesses would not have been established. So yes, and we would like to see much more of that happening.

Mr. RUSH. Ambassador Carson?

Ambassador CARSON. The answer is yes, diaspora can make a very significant contribution to the continued and sustained development of the countries from which they or their parents may have come from.

Mr. RUSH. And do you believe that—I know you can't take a position on supporting or non-support of this bill, but do you believe that this bill would help to address some of the obstacles to further developing trade with the African countries?

Ambassador CARSON. To give that a single word answer would not do justice to the bill and it would break the neutrality that we have with respect to it at this point.

Ms. LISER. I would also say that we have been looking at the goals of the bill, and I think while we certainly cannot say that the administration supports the bill, I think that we share with you a number of the goals that are reflected in it.

Mr. RUSH. And finally, how do you suggest that we engage the diaspora to help them participate in the furtherance of the growth of the African economies?

Ms. LISER. Well, I think that there are a number of ways that that can happen and is happening. And I know that I have personally participated in a number of conferences and seminars all around the country that have been organized by various diaspora groups. And where they had delegations and trade missions that had come from their particular country, and asked us to come and be a part of a 1-day conference or seminar where that particular diaspora along with their businesses that had traveled from the capital wanted to sit down and learn more about U.S.-Africa trade, AGOA, et cetera.

So these organizations actually are in my view very important. They are active. I won't say that for every single country that they have an active organization, but again, for the ones that are relatively active I think they are doing a good job.

And I would end by saying that I also remember a few years ago we had meant with a group of Cape Verdeans, American Cape Verdeans, and talked about this, and then they decided that they wanted to take a mission of Cape Verdeans from the U.S. to Cape Verde to try to see what kinds of business opportunities they could explore with their Cape Verdean brothers and sisters. And when they came back from that I was pleased to hear about several of them that had been launched and further follow-up that they were going to be doing.

So they were taking their skills, their knowledge of the U.S. market, their resources and then the connections that they had with family and others there in Cape Verde to do that. And they are not the only ones who have done it but I just wanted to use that as an example.

Ambassador CARSON. Congressman Rush, I think one of the most effective ways to find out about the African diaspora is to make contact with the Embassies and the ambassadors of the African countries that are in Washington, most of whom try to keep a fairly good and elaborate list of their citizens or their dual-national citizens who are in the United States.

Contacting those Embassies, finding out the names and leaders of the various diaspora groups, where they are located in the United States, is one way to reach out to that diaspora community. I think that many of the Embassies and many of the African ambassadors meet on a fairly regular basis with diaspora communities around the United States, and using them as points of reference or intermediaries is always helpful.

There are also a number of groups in Washington and some outside of Washington that also try to maintain contacts with the African diaspora without sort of showing favoritism toward the one or



another of them. There are these groups that are around and they too have good relationships with various communities across the United States.

Mr. SMITH. Thank you, Mr. Rush. Let me just in concluding ask if it would be unreasonable to ask that within a month or so, say mid-May, if you could get back to us with what recommendations you think would improve the bill, and hopefully an overall statement of either support or opposition. Because like I said, delay could easily be denial as the clock ticks out for the end of this session. So if you could get back to us I would appreciate it.

And getting back to the Foreign Commercial Service officers, AGOA envisioned 14. The number is less than that and seems to be going in the opposite direction. Our legislation would say not less than 14. Believing that while the ambassador may work with the Boeings and the larger corporations, he or she would be less likely to be as effective just given all the time constraints they have with all their huge portfolio to deal with many of the midsize or small businesses, which is where that commercial officer could come in. So thank you.

If you could get back, would that be reasonable?

Ambassador CARSON. Mr. Chairman, absolutely very reasonable. Absolutely no question we will get back to you.

Mr. SMITH. Thank you both for your service and for your testimony.

Ambassador CARSON. Thank you.

Mr. SMITH. I would like to now ask our second panel if they could make their way to the witness table. Beginning first with Isaiah Washington, who is an acclaimed actor best known for, or known for his role in the ABC drama, Grey's Anatomy, among many other films and stage roles.

After discovering ancestry that led him back to Sierra Leone, he traveled there and established his foundation, the Gondobay Manga Foundation, which has since opened its first school. He was a guest of the first White House Summit on Malaria in 2010. Named as advisor to President Koroma of the Republic of Sierra Leone in 2008, during the U.N. General Assembly, Mr. Washington was given the honor of being the first African-American to be bestowed full citizenship of Sierra Leone since it was granted to W.E.B. DuBois, back in the 1950s.

We will then hear from Mr. Scott Eisner, who is currently the Executive Director of the Africa Business Initiative at the U.S. Chamber of Commerce. Before joining the Chamber, Mr. Eisner worked in international politics working for the International Republican Institute in Malawi, Africa. He has held numerous positions within the Chamber prior to his current post, and has focused much of his effort toward strengthening U.S.-Africa trade relations and promoting the interests of the American business community throughout the continent.

We will then hear from Reginald Maynor, who is Director of the International Division of Luster Products, Incorporated. He has 35 years of professional sales experience as well as extensive travels throughout Africa. Throughout his 23 years at Luster, Mr. Maynor has increased international sales substantially, managed a satellite manufacturing facility in South Africa and led Luster Products to

receive Exporter of the Year in 2002, Minority Exporter of the Year for the U.S. Government, and several other recognitions. Mr. Maynor oversees all international trade and has always had a focus on empowerment and professional growth paying special attention to Africa.

Mr. Washington, if you would proceed.

**STATEMENT OF MR. ISAIAH WASHINGTON, ACTOR, PRESIDENT, GONDOBAY MANGA FOUNDATION (SIERRA LEONE)**

Mr. WASHINGTON. Good afternoon. I would like to thank Chairman Chris Smith and Ranking Member Karen Bass for inviting me to testify before this subcommittee, as well as Congressman Bobby Rush. I think the Increasing American Jobs Through Greater Exports To Africa Act of 2012 is an important means of making U.S.-Africa trade more beneficial to Americans, which will make the African Growth and Opportunity Act (AGOA) and other trade measures aimed at increasing U.S.-Africa trade more attractive to those who are not directly involved in African issues. I am particularly interested in the impact that this bill can have on encouraging the African diaspora in America, both the traditional diaspora members such as myself and those who more recently came to this country.

Since I discovered my own connection to the Mende and Temne people of Sierra Leone, I have felt compelled to contribute to the reconstruction of Sierra Leone, which is recovering from a destructive civil war, and now soon on April 27th, will be celebrating its 51st year of independence with 10 years of peace.

The Gondobay Manga Foundation that I have established works cooperatively with Sierra Leoneans to achieve interventions that meet and have met the genuine needs and not just engage in activities to satisfy my need to help. We have collaborated to build schools and provide clean water, and more broadly we are working with top universities of the United States and abroad to establish internships that will spur academic and community involvement.

Topics and specialties being pursued include African-American studies, the history of the transatlantic slave trade, the plight of child soldiers, agricultural development and mechanized farming, hospital administration, women's health issues, tropical disease research and urban planning. My efforts are part of a growing trend of members of the African diaspora who are reconnecting with their homelands or the homelands of their ancestors.

I have looked at this example as well as my heroes, the late Reverend Leon H. Sullivan, who spent a great deal of his life connecting African-Americans and others to countries in Africa. Organizations he founded such as Opportunities Industrialization Centers International and the International Foundation for Education and Self Help have helped members of the diaspora and others who volunteered their skills to teach young people in Africa or take part in training programs for African entrepreneurs and farmers. I personally use Reverend Sullivan as a model for achieving sustainability and my citizenship. One village, one region, and one country.

In November 2007, my foundation opened its first school, Chief Foday Golia Memorial School in Njala Kendema village for 150 stu-

dents in grades K through 5 that I am now proud to say that has grown to 400 students. The new school named in honor of the former leader of the village replaced two grass huts that was not suited for their occupants. Since then, others in the diaspora have built wells and undertaken other projects to the benefit of the African people, and some have used remittances to their home countries to meet the needs of their families. Increasingly both the traditional diaspora and the recent diaspora here in America have looked toward investing in Africa.

A report released a few years ago by Merrill Lynch, a leading international investment company, indicated that while Africa offers investors tremendous opportunities, there is too little available information on African markets and by extension, the companies listed on those markets. Liquidafrika.com is one of the few sources of information on African exchanges and their listed companies, but it is not as widely known as other sources of investment information.

Magazines such as Fortune, Business Week and even Black Enterprise do not cover African exchanges or companies on a consistent basis, with the result that American investors remain largely unaware of available opportunities. Return on investment in Africa has averaged nearly 30 percent over the last decade. On African stock exchanges the most profitable sectors are banks, real estate, and hotels and tourism.

Recently the International Monetary Fund rated the Nigerian Stock Exchange as the best in the world in terms of returns. The Nigerian Exchange beat fellow exchanges in developing countries such as South Africa, Turkey, India, Brazil, and the United Arab Emirates. In fact, the Nigerian Exchange beat out the New York Stock Exchange and the London Stock Exchange purely on a rate of return, in the IMF report. Of course the Johannesburg Stock Exchange is still the African market capitalization leader at \$561 billion.

The advances on African exchanges occurred within a broad range of companies including banking such as the Mauritius Commercial Bank, telecoms in Zimbabwe's ECONET, industrials in the Nigerian cement, breweries such as the East African breweries of Kenya, and there are many others waiting for the partnerships and investment to reach the next level that this bill could provide, creating jobs and wealth for countless Africans.

The African-American market in the United States is an excellent match for African investment destinations. Being increasingly sought after by investment companies due to rising purchasing power, America's largest racial minority had a combined purchasing power of \$318 billion in 1990. Eighteen years later that purchasing power had grown to \$913 billion and is predicted to reach \$1.2 trillion by 2013. According to a 2005 study by Juice Market Research, African-American investors were "considerably more likely than the general population of investors to have a variety of investment products such as stocks, bonds, mutual funds and annuities."

Prior to the global economic meltdown, this tendency attracted companies such as Charles Schwab, Smith Barney, American Express, and Merrill Lynch, which has formed partnerships with Afri-

can-American professional associations and other groups to encourage investment by this group of investors through their firms.

Higher income African-American investors reached a peak in terms of percentage of investing in the early years of this new century. An estimated 74 percent of African-Americans who earned more than \$50,000 owned stocks in 2002, closing the gap between them and similarly situated white investors whose percentage reached 84 percent that year. Many of these gains have been eroded by the global recession, and still African-American investors continue to invest in real estate rather than stocks even in a difficult economy. The consensus is that this is largely due to a lack of knowledge about the investment opportunities, which would certainly include African investments.

This is why I am establishing my new company, the Hira International Investment Group. The mission of HIIG is to help transform, first Sierra Leone, and then the rest of West Africa in stages, by strategically leveraging financial and human capital to profitably and ethically develop land, natural resources and human resources. HIIG will identify and apply the necessary resources to achieve its mission by utilizing its own expertise and connections while providing experts on a project basis. HIIG also will create alliances with qualified companies and organizations to accomplish specific tasks.

Since I started my foundation and began to become more involved in Sierra Leone, I have had numerous inquiries, and I mean numerous, about business opportunities in Sierra Leone from investors from around the world. I have been overwhelmed, graciously so. Your bill could encourage American investors to recognize and take advantage of the opportunities in Sierra Leone and throughout the rest of ECOWAS, West Africa. I chose Sierra Leone as a starting point because that is where my ancestors are from and that is where my mother is from, and women should always come first.

West Africa is a region of Africa from which most members of the African diaspora here in America have originated. There is so much work to do in this region of West Africa that I am willing to leave other regions for those who have the desire and to invest and partner with other African businesses. This bill could be the catalyst to open the floodgates of American investment and business to business relationships with African partners that will fulfill the promise of AGOA and create more development than any aid program could ever hope to achieve.

Thank you for introducing this bill, and I urge you to do all you can to pass it.

[The prepared statement of Mr. Washington follows:]



**Testimony of Isaiah Washington**  
**Founder, The Gondobay Manga Foundation**  
**House Subcommittee on African, Global Health and Human Rights**  
**April 17, 2012**

Good afternoon. I'd like to thank Chairman Chris Smith and Ranking Member Karen Bass for inviting me to testify before this Subcommittee today. I think the Increasing American Jobs Through Greater Exports to Africa Act of 2012 is an important means of making U.S.-Africa trade more beneficial to Americans, which will make the African Growth and Opportunity Act (AGOA) and other trade measures aimed at increasing U.S.-Africa trade more attractive to those who are not directly involved in African issues.

I am particularly interested in the impact this bill can have on encouraging the African Diaspora in America – both the traditional Diaspora members such as myself and those who more recently came to this country. Since I discovered my own connection to the Mende and Temne people in Sierra Leone, I have felt compelled to contribute to the reconstruction of Sierra Leone, which is recovering from a destructive civil war.

The Gondobay Manga Foundation that I have established works cooperatively with Sierra Leoneans to achieve interventions that meet their genuine needs and not just engage in activities to satisfy my need to help. We have collaborated to build schools and provide clean water. More broadly, we are working with top universities in the United States and abroad to establish internships that will spur academic and community involvement. Topics and specialties being pursued include: African-American Studies, the History of the Trans Atlantic Slave Trade, the Plight of Child Soldiers, Agricultural Development & Mechanized Farming, Hospital Administration, Women's Health Issues, Tropical Disease Research and Urban Planning.

My efforts are part of a growing trend of members of the African Diaspora reconnecting with their homelands or the homelands of their ancestors. I have looked to the example of the

late Reverend Leon Sullivan, who spent a great deal of his life connecting African-Americans and others to countries in Africa. Organizations he founded, such as Opportunities Industrialization Centers International and the International Foundation for Education and Self-Help, have helped members of the Diaspora and others to volunteer their skills to teach young people in Africa or take part in training programs for African entrepreneurs and farmers.

I used Reverend Sullivan as a model for achieving sustainability—one village, one region, and one country. In November 2007, my foundation opened its first school, Chief Foday Golia Memorial School, in the Njala Kendema village for 150 students in grades K-5. The new school, named in honor of the former leader of the village, replaces two grass huts not suited for occupants. Since then, others in the Diaspora have built wells and undertaken other projects for the benefit of African people. Some have used remittances to their home countries to meet the needs of their families. Increasingly, both the traditional Diaspora and the recent Diaspora here in America have looked toward investing in Africa.

A report released a few years ago by Merrill Lynch, a leading international investment company, indicated that while Africa offers investors tremendous opportunities, there is too little available information on African markets, and by extension, the companies listed on those markets. LiquidAfrica.com is one of the few sources of information on African exchanges and their listed companies, but it is not as widely known as other sources of investment information. Magazines such as *Fortune*, *Business Week* and even *Black Enterprise* do not cover African exchanges or companies on a consistent basis with the result that American investors remain largely unaware of available opportunities. Return on investment in Africa has averaged nearly 30% over the last decade. On African stock exchanges, the most profitable sectors are banks, real estate and hotels and tourism.

Recently, the International Monetary Fund rated the Nigerian Stock Exchange as the best in the world in terms of returns. The Nigerian exchange beat fellow exchanges in developing countries such as South Africa, Turkey, India, Brazil and United Arab Emirates. In fact, the Nigerian exchange beat out the New York Stock Exchange and the London Stock Exchange, purely on rate of return, in the IMF report. Of course, the Johannesburg Stock Exchange is still the African market capitalization leader at \$561 billion.

The advances on African exchanges occurred within a broad range of companies, including banking (such as the Mauritius Commercial Bank), telecoms (such as Zimbabwe's Econet), industrials (such as Nigeria's Dangote Cement) and breweries (such as East African Breweries of Kenya). There are many others waiting for the partnerships and investment to reach the next level that this bill could provide, creating jobs and wealth for countless Africans.

The African American market in the United States is a good match for African investment destinations, being increasingly sought after by investment companies due to rising purchasing power. America's largest racial minority had a combined purchasing power of \$318 billion in 1990. Eighteen years later, that purchasing power had grown to \$913 billion and is predicted to reach \$1.24 trillion by 2013. According to a 2005 study by Juice Market Research, African American investors were "considerably more likely than the general population of investors to have a variety of investment products such as stocks, bonds, mutual funds and annuities." Prior to the global economic meltdown, this tendency attracted companies such as Charles Schwab, Smith Barney, American Express and Merrill Lynch, which has formed partnerships with African American professional associations and other groups to encourage investment by this group of investors through their firms.

Higher-income African American investors reached a peak in terms of percentage of investing in the early years of this new century. An estimated 74% of African Americans who earned more than \$50,000 owned stocks in 2002, closing the gap between them and similarly situated white investors, whose percentage reached 84% that year. Many of these gains have been eroded by the global recession. Still, African American investors continue to invest in real estate rather than stocks, even in a difficult economy. The consensus is that this is largely due to a lack of knowledge about other investment opportunities, which would certainly include African investments.

This is why I am establishing the Hira International Investment Group. The mission of HIIG is to help transform first Sierra Leone and then the rest of West Africa in stages by strategically leveraging financial and human capital to profitably and ethically develop land, natural resources and human resources. HIIG will identify and apply the necessary resources to achieve its mission by utilizing its own expertise and connections, while providing experts on a project basis. HIIG also will create alliances with qualified companies and organizations to

accomplish specific tasks. Since I started my foundation and began to become more involved in Sierra Leone, I have had numerous inquiries about business opportunities in Sierra Leone from investors around the world. Your bill could encourage American investors to recognize and take advantage of the opportunities in Sierra Leone and the rest of West Africa.

I chose Sierra Leone as the starting point because that is where my ancestors are from. West Africa is the region of Africa from which most members of the African Diaspora here in America originated. There is so much work to do in this region of Africa that I am willing to leave other regions for those who have the desire to invest and partner with African businesses.

This bill could be the catalyst to open the floodgates of American investment and business-to-business relationships with African partners that will fulfill the promise of AGOA and create more development than any aid program could ever hope to achieve. Thank you for introducing this bill, and I urge you to do all you can to pass it.

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Mr. SMITH. Mr. Washington, thank you very much for that statement, and Ms. Bass and I were just talking, you never hear this talked about on CNBC as it ought to be. And so thank you for your testimony and for your leadership.

I would like to ask Mr. Eisner now if he would present his testimony to the committee.

**STATEMENT OF MR. SCOTT EISNER, EXECUTIVE DIRECTOR,  
AFRICA BUSINESS INITIATIVE, UNITED STATES CHAMBER  
OF COMMERCE**

Mr. EISNER. Thank you very much, Mr. Chairman, Ranking Member Bass, Mr. Rush, the staff of the committee. I think you guys do a terrific job and we are here to support you in any way we can. I want to thank you for the opportunity to testify today on a region of importance to U.S. trade, investment and economic growth.

Against the backdrop of sagging economic activity in so many emerging markets, sub-Saharan Africa is an investment destination that can no longer be overlooked regardless of the sector in question. Six out of the ten fastest growing economies in the world over the past decade are found in sub-Saharan Africa.

Looking forward, demographic trends suggest that by 2050, one in four workers in the world will be African and the continent will have over 1 billion people living on it. Compare this to China's one in eight workers and the buzz over China's untapped market, and we can begin to see the magnitude of the opportunity at stake in Africa. It is time for the U.S. to be creative and aggressive and to position our country in a way that will make us commercially competitive with the biggest international presence on the continent, namely China. It is time to move away from a strictly aid-focused model to one of private sector-led development. And why would we do this? Because we have learned over time that market-based solutions are the only real path to economic stability and long-term prosperity.

So our challenge now is to operationalize the opportunities that Africa affords, to develop specific strategies and to mechanisms to promote U.S. business engagement throughout Africa or risk being left behind. That is the goal of the Chamber's Africa Business Initiative. To encourage the U.S. Government to pursue policies that foster foreign direct investment, facilitate U.S. trade with African countries, expose our companies to the vast economic opportunities across the continent, use our foreign assistance in ways which will help Africans develop as manufacturers, workers and consumers, and to expand the role of our AmChams across the continent. And we can talk more about this in the question and answer session. I will note that Sierra Leone was the latest of our AmChams to come on board as full accreditation.

The fact of the matter is, when it comes to seeing new opportunities for trade and investment in Africa we are really not alone. Over the last 10 years, investment in Africa from China, India, and Brazil have increased eightfold. Over the same period, U.S. trade with Africa has increased by just a multiple of three. The U.S. Export-Import Bank support to projects in sub-Saharan Africa has risen from an average of \$455 million annually between 2006 and

2009, to \$1.4 billion in Fiscal Year 2011. And yet even at this rate of growth, the U.S. still plays a distant second to China's Ex-Im Bank, which commits over \$6 billion annually.

So what policy initiatives can help us level this playing field, the playing field on this last emerging market as we see it? Let us start with this act and the passage of the Increasing American Jobs Through Greater Exports To Africa Act, which the Chamber believes would be a clear signal that the U.S. Government takes seriously its role in stimulating greater foreign direct investment from the U.S. to Africa. Let us also take steps to ensure that American firms seeking to break into African markets have commercial support in our Embassies. For years the Foreign Commercial Services officers in missions across the continent have provided valuable on the ground assistance to American companies in Africa. But now just as many in the American business community are beginning to focus on Africa in earnest, the Foreign Commercial Services footprint is shrinking. And if that decline isn't reversed the U.S. economy will pay a price in lost deals and decreased competitiveness.

In the same spirit, the U.S. Chamber continues to support more Africa-targeted funding from U.S. Government agencies that are already successful supporting U.S. investment in emerging markets. That begins with a full and speedy reauthorization of the Ex-Im Bank and in coming months the Overseas Private Investment Corporation. These two agencies along with the U.S. Trade Development Agency have critical roles to play as Africa moves into the global market. Traditional foreign aid can also be creatively deployed for public health. This is one area that materially and positively impacts Africans as employees, consumers and business partners.

The Chamber also supports the effort to establish formalized trade and investment treaties with U.S. and African regional economic communities. The gains from these agreements are indisputable. For example, following the trade investment framework agreement between the United States and the EAC in 2008, U.S. exports to this bloc shot up by roughly 33 percent.

Finally there is AGOA. It is not only good for the economies of sub-Saharan Africa but it also offers tangible benefits for U.S. companies here at home. The action here is urgent. AGOA's expiration in 2013 threatens to undermine the significant gains that African economies have made under this program. As early as this September, AGOA's third country fabric provision is slated to expire, directly threatening not only tens of thousands of jobs across the continent but also, and this is key, the good standing of the United States as a reliable partner for Africa's development. We need to extend and expand AGOA, not let it expire.

I presented the opportunities but I would be remiss if I did not discuss some of the risks. We have a very small window of opportunity here of 3-5 years to economically engage in Africa or risk being left behind. The demand for high quality U.S. goods and services by those living in Africa is dramatically increasing, but in the not too distant future our competition in these will improve the quality of their products to match that of ours, and our European competitors will have trading preferences that we don't enjoy due to their aggressive economic partnership agreements. So if we don't

act now we might as well hang an out-to-lunch sign on the U.S. as it relates to doing business in Africa.

As I close, I want to draw your attention to an interesting thought that a South African friend recently shared with me. He said, as the U.S. economic focus is pivoting toward the BRIC markets, and mainly Asia and Brazil, they, the BRICS are pivoting toward Africa. The question is, what is it that they know that you don't?

Mr. Chairman, on behalf of the U.S. Chamber, I would like to thank this committee for affording me the opportunity to testify. As I said at the outset, Africa must increasingly become a key trading partner and investment destination for American companies, and the Chamber stands ready to assist in any way we can. Thank you.

[The prepared statement of Mr. Eisner follows:]



100 Years Standing Up for American Enterprise  
**U.S. CHAMBER OF COMMERCE**

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## Statement of the U.S. Chamber of Commerce

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**ON:** "The Increasing American Jobs Through Greater Exports to Africa Act"

**TO:** House Committee on Foreign Affairs Subcommittee on Africa,  
Global Health, and Human Rights

**BY:** Mr. Scott Eisner, Executive Director, Africa Business Initiative,  
U.S. Chamber of Commerce

**DATE:** April 17, 2012

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The Chamber's mission is to advance human progress through an economic,  
political and social system based on individual freedom,  
incentive, initiative, opportunity and responsibility.

The U.S. Chamber of Commerce is the world's largest business federation, representing the interests of more than three million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations.

More than 96 percent of the Chamber's members are small businesses with 100 or fewer employees, 70 percent of which have 10 or fewer employees. Yet, virtually all of the nation's largest companies are also active members. We are particularly cognizant of the problems of smaller businesses, as well as issues facing the business community at large.

Besides representing a cross-section of the American business community in terms of number of employees, the Chamber represents a wide management spectrum by type of business and location. Each major classification of American business — manufacturing, retailing, services, construction, wholesaling, and finance — is represented. Also, the Chamber has substantial membership in all 50 states.

The Chamber's international reach is substantial as well. It believes that global interdependence provides an opportunity, not a threat. In addition to the U.S. Chamber of Commerce's 115 American Chambers of Commerce abroad, an increasing number of members are engaged in the export and import of both goods and services and have ongoing investment activities. The Chamber favors strengthened international competitiveness and opposes artificial U.S. and foreign barriers to international business.

Positions on national issues are developed by a cross-section of Chamber members serving on committees, subcommittees, and task forces. More than 1,000 business people participate in this process.

Chairman Smith, Ranking Member Bass, and distinguished members of the House Committee on Foreign Affairs Subcommittee on Africa, Global Health, and Human Rights, thank you for the honor of allowing me to testify in this hearing. My name is Scott Eisner, and I am Executive Director of the Africa Business Initiative at the U.S. Chamber of Commerce, the world's largest business federation, representing the interests of more than three million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations. Today, I would like to speak in support of "The Increasing American Jobs Through Greater Exports to Africa Act."

Against the backdrop of sagging economic activity in a number of global markets, Sub-Saharan Africa is a trade and investment destination that can no longer be overlooked. Regardless of the sector — and with a few exceptions — Africa was largely sheltered from the global economic crisis, and now six out of the ten fastest growing economies in the world over the past ten years have been in Sub-Saharan Africa. Moreover, demographic trends suggest that by 2050, one in four workers in the world will be African. Compare this to China's one in eight workers (and the buzz over China's "untapped market"), and one can begin to see the magnitude of the economic opportunity at stake.

It is no longer enough simply to advance the general message that business development and investment is good for Africa or that Africa is "open for business." The U.S. Chamber of Commerce strongly believes that we must work to develop specific strategies and mechanisms to promote and facilitate U.S. business engagement in Africa, or risk being left behind as international businesses and investors make capture major segments of Africa's market. Accordingly, the U.S. Chamber specifically founded its Africa Business Initiative (ABI) to encourage the U.S. government to pursue policies that facilitate U.S. trade with African countries, foster foreign direct investment in Africa, and expose U.S. companies to the continent's vast economic opportunities.

Overall, ABI represents the growing U.S. business interests in Africa. Our work consists of facilitating U.S. export and import opportunities, responding to requests for advice, providing expertise on specific sectors in Africa, and developing a cache of knowledge on best practices and experiences on how to most effectively engage with African countries and businesses. ABI also represents the U.S. Chamber's dedication to growing free and mutually beneficial trade between the United States and the 48 countries in sub-Saharan Africa. We are working to advance policies that reduce the cost of doing business for both U.S. companies in Africa and local African entrepreneurs. We believe this type of initiative is critical to leveling the playing field for U.S. companies in Africa, particularly as major developing countries like China and India are increasingly present in these markets.

#### **Recent Developments in U.S.-Africa Commercial Engagement**

It will come as no surprise that China's rising role in shaping Africa's commercial landscape has been identified as one of the strongest concerns for U.S. businesses over the past year. A growing perception exists within the U.S. business community that China's posture has been underestimated, with the result that a competition strategy has never been fully developed — hurting both U.S. businesses and our political influence throughout the continent.

This much is clear: Access to African markets is by no means assured. To illustrate the change in Africa's commercial composition, over the last 10 years countries such as China, India, and Brazil have increased trade with Africa eight-fold. Over the same period, U.S. trade with Africa has increased three-fold. The U.S. Export-Import Bank's support to projects in sub-Saharan Africa has improved markedly over the past decade, increasing from an average of \$455 million annually in FY2006-2009 to over \$1.4 billion in FY2011. But even at this rate of growth, the United States is still playing a distant second fiddle to China's export credit agencies, which are committing approximately \$6 billion annually to Africa alone.

The U.S. Chamber welcomes the recent Congressional focus on Africa. "The Increasing American Jobs through Greater Exports to Africa Act," introduced last month in the House with a matching bill in the Senate, has sent a clear signal that the U.S. government takes seriously its role in stimulating greater foreign direct investment by U.S. firms in Africa. In light of increased competitive pressures from other global players, the U.S. business community appreciates this new attention focusing on Africa.

Over and above the specific measures included in this Act, the U.S. Chamber continues to support more Africa-targeted funding for U.S. government agencies which are already entrusted with — and are quite successful at — supporting U.S. investment in emerging markets.

#### **Ex-Im's Key Role**

In addition, the Chamber strongly urges that Congress approve a four-year reauthorization for the Export-Import Bank of the United States (Ex-Im) that also sufficiently increases its lending cap. Ex-Im's temporary reauthorization will expire on May 31, and failure to reauthorize its operations at an internationally competitive level would seriously disadvantage U.S. companies—small and large—in foreign markets, costing thousands of U.S. jobs.

Ex-Im has a proven record of success. Far from being a burden on the taxpayer, Ex-Im turns a profit for the American taxpayer. Since 2005, Ex-Im has returned more than \$3.4 billion to the Treasury above all costs and loss reserves, including \$700 million in FY 2011 alone. Failure to reauthorize Ex-Im would amount to unilateral disarmament in the face of other nations' aggressive trade finance programs.

While Ex-Im is addressed in this legislation, the Overseas Private Investment Corporation and the U.S. Trade and Development Agency are also crucial instruments for encouraging U.S. commercial engagement in Africa by providing a point of market entry, replete with tools for risk-mitigation and concessional financing. Ex-Im in particular has demonstrated innovation and flexibility in supporting investments by U.S. firms around the world, and this flexibility should be mirrored by other U.S. agencies tasked with boosting U.S. competitiveness. The U.S. Chamber encourages Congress to strengthen its support for these and other business-promotion initiatives, and to consider expanding the existing mandate for Africa-specific activities to assist U.S. companies investing in Africa in one way or another.

#### **Action Items for Congress**

While we applaud this renewed attention by Congress to address the competitive challenges facing U.S. firms in Africa, we are concerned by the erosion of one of the most useful

sources of commercial intelligence available for U.S. investors. For years, the U.S. Foreign Commercial Service (FCS) offices in U.S. embassies across the continent have provided valuable advice and assistance for American companies on the ground in Africa. Now, just as many in the U.S. business community are beginning to focus on Africa in earnest, we are concerned that budgetary tradeoffs are forcing the FCS to shrink its footprint in Africa.

The FCS has not only been critical to the successful introduction of large U.S. firms in markets across Africa, but it has also been an invaluable resource for the small and medium-sized U.S. businesses that have less experience in complex emerging markets. The FCS presence has a demonstrated impact on U.S. exports to the region and associated jobs in the United States. U.S. competitiveness will be undermined and deals potentially lost to foreign competitors if the FCS is not meaningfully sustained, if not boosted, over the next decade.

The U.S. Chamber also encourages the U.S. government to continue supporting the establishment of formalized trade and investment treaties with Africa's Regional Economic Communities (RECs). As you may recall, the 2011 ratification of the U.S.-Rwanda Bilateral Investment Treaty represents the first such treaty signed with an African country in over a decade. These agreements send a strong signal of confidence to the U.S. business community and to our potential business partners in African countries.

However, due to the small size of individual economies and the regional integration efforts underway, the U.S. Chamber urges Congress to consider widening the U.S. government's approach to encompass entire regional groupings, rather than individual countries. The reduction of non-tariff barriers to trade and the rationalization of unworkable customs regimes are central to making African nations attractive U.S. business partners and to spurring export-driven job creation for both the United States and our African partners.

The United States should begin working to outline what trade accords could encompass with the more integrated RECs, such as the Common Market of East and Southern Africa (COMESA) and the Economic Community of West African States (ECOWAS). While the technical issues around such an agreement may seem daunting at first glance, we urge Congress to begin these investigations now so that the United States is not eclipsed by competitors from Europe and Asia that are making dramatic inroads in African markets. The gains from these kinds of agreements are indisputable: Following the Trade and Investment Framework Agreement signed between the United States and the East African Community in 2008, U.S. exports to this bloc shot up by 33%.

Just to highlight what is at stake, the EU, for example, has an aggressive strategy to enact new trade accords with African nations. These Economic Partnership Agreements (EPAs) give exports from the EU a distinct advantage over goods produced in the United States; the preferential treatment they receive all but ensures that U.S. firms will be at a disadvantage for the foreseeable future. We need a trade agenda now that will level the playing field for U.S. companies.

Finally, the U.S. Chamber urges Congress to extend and expand the African Growth and Opportunity Act (AGOA) and its associated provisions. AGOA is not only good for the economies of Sub-Saharan Africa, but it also offers tangible economic benefits for U.S. companies here at home. More importantly, AGOA is the first and only economic policy



platform that exists between the United States and Sub-Saharan Africa, and its looming expiration in 2015 threatens to undermine the significant gains that African economies have made under this program.

As many in Congress are already aware, AGOA's 3<sup>rd</sup> Country Fabric provision is expiring in September, directly threatening hundreds of thousands of jobs across the continent — impacting not only Africa-owned businesses and jobs but also the good standing of the United States as a reliable partner in Africa's development. The U.S. business community has already taken up this issue with Congress, but we would be remiss if we did not raise with this Committee the urgent need for resolution.

In the medium to long term, U.S. and Africa businesses alike need more certainty around AGOA's broader renewal, and we encourage Congress to find ways of productively expanding AGOA's breadth and reach beyond 2015. Congress should extend AGOA for a meaningful period of time in order to rationalize the time horizons necessary for investment. Additionally, Congress should consider expanding the tariff lines eligible for duty-free/quota-free access to U.S. markets, thereby creating greater incentives for U.S. firms to do business in Africa.

#### **Conclusion**

Mr. Chairman, I would like to close by thanking this Committee for the opportunity to be with you today, and I look forward to working with the Members to ensure a robust discussion on U.S.-Africa policy as Congress examines trade preferences, foreign assistance, and other U.S.-Africa issues. The U.S. Chamber also looks forward to working with our partners in Africa to share ideas and work to promote greater U.S.-Africa trade and investment.

Thank you.

Mr. SMITH. Thank you so very much for your testimony and your insights.

I would like to now ask, Mr. Maynor, if you would present your testimony.

**STATEMENT OF MR. REGINALD MAYNOR, DIRECTOR OF INTERNATIONAL DEPARTMENT, LUSTER PRODUCTS INCORPORATED**

Mr. MAYNOR. Mr. Chairman, Ranking Member Bass and members of the committee, I want to thank you for the opportunity to address this committee on the subject of U.S. jobs and trade with the African continent. Today I provide a summary of my full remarks which I plan to submit for the record.

The late Fred Luster, Sr., founded Luster Products in 1957. As the company matured, the focus on international trade and the opportunity within the diaspora became a priority. We are glad to see that clean water is a focus for African growth, because we as a company have drilled 20 wells, ourselves, in West Africa. We employ over 350 people worldwide with a corporate office in Chicago, But we believe in conducting business in such a manner as to be a positive role model to the community, to maintain the highest moral and ethical standards of business.

We have a rich history of doing business in Africa for the past 30 years. We currently sell approximately, U.S. dollars, \$2 million in West Africa, \$1.5 million in Southern Africa and \$1.5 million in East Africa. Though these may be modest numbers against some of our colleagues and multinational companies, it has been a very viable business proposition for us as a company. We have a virtual office in South Africa and we manufacture a few items from our range within South Africa.

But what we have found is that by having an office and a manufacturing plant in South Africa that we grew our exports as a result of local presence. So having set up in another country did not affect our exports. Our exports actually grew. The region with the most long-term potential is sub-Saharan Africa and all of the countries within that territory. Each of these regions have their own unique way of conducting business, but in that uniqueness is great opportunity.

I see the transformation of a hair stylist when you teach them a new technique and some fundamental business practices. I see the glow in the consumer's eyes when you do a makeover style that is both different but practical for their lifestyle. Unbeknownst to a lot of people, the hair care business is one of the largest entrepreneurial enterprises for people of color and women specifically.

I see the respect that we get as a byproduct of also having given it first. And we pride ourselves in being ambassadors of sorts for the U.S., to demonstrate that we have a level of commitment to quality and excellence that cannot be rivaled anywhere else in the world.

Our biggest challenge is being able to sustain business in Africa. As a small minority-owned business we do not have the ability to extend credit to African companies that want to be long-term customers. Low interest loans would be a benefit both here and abroad. Some of our more mature markets are either flat or chal-

lenged due to external forces from multinational companies, cheaper goods, some of which could be counterfeit or deceptively similar with inferior ingredients. So trademark enforcement is a key.

Our unwillingness to conduct in any back room agreements just to solidify business has at times been a barrier to growth. But we find that once you establish the rules of engagement most people will comply. And to this I say that business can be done in an ethical manner in Africa.

Our experience with Ex-Im Bank has been up and down with regards to validating accounts. We feel that this process could be refined. There is a need for government to government cooperation with regards to trade restrictions, duties and trademark protections. We actually had a case in South Africa. Infrastructure incentives for U.S. companies would also help to make us more competitive.

We all know the potential for Africa has never been greater. Our task is to help improve the economical well being of its people, to raise their standard of living and offer them the commitment to training, opportunity and the biggest commodity of all, hope. This bill would definitely help U.S. companies to grow because you will have created a solid bridge to the future that is dependent on quality goods. And it must be a win-win scenario where empowerment is just as important as commercial gain.

Our plans at Luster Products is to grow our African trade by at least 100 percent in the next 5 years. We also plan on restructuring our South African operation in order to better take advantage of the realities of that region. And we are always seeking new opportunities on the continent with a pioneering spirit as we as Americans always do.

And in conclusion I would once again like to say thank you for the opportunity to address this committee, and I would especially like to thank my Congressman, Bobby Rush. I look forward to answering any questions you may have.

[The prepared statement of Mr. Maynor follows:]

## **Testimony of Reginald Maynor**

House of Representatives  
Foreign Affairs Subcommittee on  
Africa, Global Health and Human Rights

April 17, 2012

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Mr. Chairman, Ranking Member Bass (and Members of the Committee), thank you for the opportunity to address this Committee on the subject of U.S. jobs and trade with the African Continent.

- My name is Reginald Maynor, Director International Division Luster Products Inc. I've been in international sales for 33 years, the past 23 at Luster Products.

### **Overview and History of Luster Products, Inc**

- The late Fred Luster, Sr., founded Luster Products, Inc. in 1957 and as the company matured the focus on international trade and the opportunity within the Diaspora became a priority. We are glad to see a proposal in the bill is to have clean water as a focus for African growth, we as a company have drilled over 20 wells in W. Africa
- Luster employs over 350 people worldwide with a corporate office in Chicago
- Luster believes in conducting business in such a manner as to be a positive role model to the community. To maintain the highest moral & ethical standards of business.
  - We have been Awarded Local, Regional and National Exemplary Exporter of the Year
  - Awarded Minority Business Exporter of the Year

### **History of Luster Product's Operations on Africa**

- We have a rich history of doing business in Africa for past 30 years.
- We currently sell in US dollars approximately: \$ 2 million in West Africa, 1.5 million in Southern Africa, 1.5 East Africa
- We have a virtual office in So. Africa that manufactures a few select items from our range. They import the remaining items from Chicago
- The region with the most long term potential is Southern Africa and all the non-sanctioned countries within that territory.
- Each of these regions have their own unique way of conducting business but in that uniqueness is great opportunity

- I see the transformation of a hair stylist when you teach them a new technique and some fundamental business practices, I see the glow in a consumers eyes when you do a “makeover” style that is both different but practical for their lifestyle
- I see the respect we get as a byproduct of having given it first,
- We pride ourselves in being ambassadors of sorts for the U.S., to demonstrate that we have a level of commitment to quality and excellence that cannot be rivaled.

**Challenges the Company Has Faced in Africa:**

- Our biggest challenge is being able to sustain business in Africa. As a small minority owned business we do not have the ability to extend credit to African companies that want to be long term customers
- ( Low interest loans would be a benefit both here and abroad)
- Some of our more mature markets are either flat or challenged due to external forces from multi-national companies, cheaper goods some of which could be counterfeit or deceptively similar with inferior ingredients
- ( Trademark enforcement is key)
- Our Unwillingness to conduct in ANY back room agreements just to solidify business has at times been a barrier to growth but we find that once you establish the rules of engagement most people will comply
- ( Business can be done in an ethical manner in Africa)
- Our experience with EXIM bank has been up and down with regards to validating accounts
- There is a need for government to government cooperation with regards to trade restrictions, duties, trademark protections (we had a case in South Africa)
- Infrastructure upgrade incentives for US companies would help to make us more competitive

**Potential of Africa**

We know the potential for Africa has never been greater. Our task is to help improve the economic well being of its people, to raise their standard of living and offer them the commitment to training, opportunity and the biggest commodity of all, HOPE.

- This bill would definitely help U.S. companies to grow because you will have created a solid bridge to the future that is dependent on quality goods.
- It must be a WIN – WIN scenario where empowerment is just as important as commercial gain

**Luster Products Plans**

- Grow our African trade by 100% in 5 years
- We plan on re structuring our South African operation to better service the region

- We are seeking new opportunities on the continent with a pioneering spirit

**Conclusion**

Once again, thank you for the opportunity to address this Committee and I would especially like to thank my Congressman Bobby Rush and I look forward to answering any questions you may have.

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Mr. SMITH. Thank you very much, Mr. Maynor. Thanks to all three of you, your testimonies are outstanding. They provided us with a blueprint for action. I think having the Chamber strongly supporting this legislation is huge, because I think as all of you have pointed out, the opportunities for Americans and for American investors have been largely ignored and under-recognized. I mean I didn't know that return on investment in Africa, as Mr. Washington, you pointed out, has averaged nearly 30 percent over the last decade. When most Americans are losing their 401(k)s, had they been invested elsewhere, in Africa, they would have been doing quite well.

So again I want to thank you on behalf of the committee for your humanitarian work as well as in Sierra Leone. This subcommittee and I personally for years worked on the court there. David Crane was our chief prosecutor. And the pain and suffering endured by the people of Sierra Leone is incalculable. And to be on the ground helping out with education and other initiatives is, it needs to be praised for the great work that it is.

The idea of Ex-Im Bank going out of business as you pointed out, is disconcerting in the extreme, especially as it relates to Africa. And you might want to expand upon that if you would. I think the point you made of the U.S. playing second fiddle to China export credit agencies, which are committing approximately \$6 billion compared to our \$1.4 billion, it seems that we are missing the boat by a large amount, which is why we are promoting this bill.

We think we need to reenergize, refocus, recalculate, and really get all the agencies—and Ambassador Carson is a very, very effective Secretary and as he was Ambassador, but we don't have the coordination among Commerce and among all the other disparate agencies that we need to really have a well honed strategy for Africa.

So thank you for that support and for your comments, all of you, but if any of you would like to, and you especially, Mr. Eisner, on the issue of what happens to Africa and to U.S. businesses there if Ex-Im goes out of business.

Mr. EISNER. Sure, I would be happy to answer that. The fact that we are playing such a catch-up role, and it is not just to China, it is to the lending institutions around the world as was said by a predecessor, the previous panel. It is the Indias of the world, the Turkeys, the Canadians right across our border up to the North are playing a hockey game around us, and we are just kind of standing still looking at the future kind of questioning where it is going.

And that is why we feel at the Chamber, we really need to look at not just the—in the Foreign Commercial Services arena I understand that there is some 50 economies that they have identified as why they have pared down some of their operations in Africa. And while that is great that we are looking at the 50 current economies, we are not looking at the next 50. And I think that is some of the struggles that we applaud this bill for is looking beyond where we are today to seeing where our customers are going to be in the future and where our exports are going to be driven, and that is clearly to Africa.

So the fact that the Senate and the House are taking so long to reauthorize the Ex-Im Bank is disconcerting to the business com-

munity. The fact that there is even a debate about the validity of the Ex-Im Bank I think is a little interesting to say the least. I will hold the words back a little bit. But the Bank runs out of, I think, funds at their \$100 million cap at the end of this month or early next month, and without swift action by the Congress we are going to be left with a lot of people around the world scratching their heads wondering why is the U.S. turning around and turning its back on global expansion.

And that is the question I leave here today wondering is how do we do that as a country that has been looking so expansively across the years, and to figure out how we are just looking so insularly when all of our markets are broad. And our friends from Luster here, I think, have pointed it out that they know where the market is and it is called Africa.

Mr. SMITH. Let me just ask you, comment if you would like, any of you, but I have actually chaired 40 hearings over the years on China's human rights violations, and many of those hearings have focused on the one-child-per-couple policy that has resulted in some 100 million missing girls. Forty to fifty million men won't be able to find wives by 2020. The women have been exterminated through sex-selection abortions. The other side of that issue that has not been focused on enough is that they are going to have such an aging population with such a small number, relatively speaking, of working men because the women are gone proportionally, that China will find itself economically coming apart at the seams.

Not so with Africa, where you pointed out, Mr. Eisner, 25 percent of the global workforce will be in Africa, sub-Saharan Africa, by 2050. And that shows, again if we want to make a bet, a prudent bet where is the future, it is in Africa. It is not in China. It is committing suicide, frankly, with its one-child-per-couple policy. I would note parenthetically that I am very concerned about people at the U.N. Population Fund and in Beijing trying to impose on Africa what they have imposed upon themselves. That is, child limitation policies.

And they are being aggressively, virtually every African health minister 3 years ago was invited to Beijing for a week of wining and dining, and the argument was made that if you want economic growth that approximates what is going on in China, follow the Chinese model. Limit children, because they are an anathema to economic growth. Nothing could be further from the truth. It doesn't bear out empirically, but some have bought into that snake oil. I hope that would be resisted by our African friends because the argument has surface appeal, but it doesn't hold up under scrutiny.

But again, where is the workforce, where is the action going to be? Seems to me it couldn't be clearer. It will be in sub-Saharan Africa.

Mr. RUSH. Mr. Chairman, please excuse me, but if I just could interrupt just for a quick second. I had a meeting scheduled previously with the noted musician and performer, Styx, so he is there and I wanted to come out. I think that with Isaiah here and Styx in the same room at the same time, I mean this is a rare moment.

So Mr. Chairman, thank you. I just wanted to let him—in the same room with Isaiah Washington at the same time.



Mr. SMITH. We ought to get a picture together.

Mr. RUSH. Thank you, Mr. Chairman.

Mr. WASHINGTON. Thank you.

Mr. SMITH. Okay, just—Mr. Washington?

Mr. WASHINGTON. Thank you, Mr. Chairman, I do appreciate your sentiment. And I do agree by actually 2040, Africa is going to be one of the youngest markets out there looking for opportunities to be consumers to new consumers. I know for a fact in Sierra Leone, which is no bigger than the state of South Carolina, the former child soldiers there are now very entrepreneurial. But if they are not, their issues and their needs for their children and their families are not addressed immediately, then they already know how to do their former job during the civil war.

All of these countries, every time anything goes on in Liberia or Guinea, I hold my breath. As long as Guinea is doing well or Liberia is doing well then I feel really good about Sierra Leone. They are all intertwined as far as I am concerned.

Although my frustration is the same question, is what is the problem? Is it psychological? Is it philosophical? Is it guilt? Is it just denial, or what is the problem? Why hasn't the great United States with access to trillions of dollars—I had this conversation with Congressman Conyers 3 years ago. Numerous attendants to Congressional Black Caucus', and I have collected over 250 business cards. And I haven't had one call asking me to bring them in—unbelievable. I have access to 6,500 hectares of arable land right there in Sierra Leone that is rife to grow anything from cotton to sorghum to sugar to anything you want, but there is zero interest.

And it is really interesting. I have some people that come up to me, and I think with many of us there is this trauma, this thing that no one wants to talk about, slavery. Many business persons based on—I have had African-American business persons based on their skin being lighter than mine, that was their only reason they didn't want to invest in Africa—because they were afraid that they would be accused of being European or White.

So I think there is a big conversation that needs to be had beyond economics or beyond numbers and charts. And we have to really get down to the nitty-gritty, excuse me, on what it is that we are doing, what it is that we are saying when we use the word liberty, prosperity, and we the people and democracy. Why is it that it appears when I travel abroad all over Africa I have to answer for 315, 318 million Americans now that they now I am a citizen of Sierra Leone, and then when I am here I have to answer for 1 billion people on the continent of Africa.

So I am hoping that H.R. 4221 is passed by this Kenyan-American who happens to be the most powerful man in the world, named President Barack Hussein Obama, so I can get a break. I thought that by becoming a dual citizen one would have the freedoms of being able to be revered. But actually I realize it is more problematic because I am asked more questions. And I am here to help support this bill, hopefully get it passed so we can really have some serious conversation about how we can actually galvanize, oh, close to \$1.3 trillion or more that can help a very, very sagging economy here. So the \$1 trillion question is: "What are the Amer-

ican people, or should I say the American legislature and Executive orders waiting on?"

Mr. MAYNOR. Yes, and I would just like to add that my experience in Africa dealing with women specifically, because I am in the hair care business, there are a lot of salon owners. They run their families. They send their children to school. They feed the community. And what we find is that when you impart knowledge and education and give them different skill sets they become buoyant. They become excited. And they treasure U.S. goods.

This is not hype. This is not hyperbole. They want U.S. goods, they desire U.S. goods. But the hardest part is being able to either afford them or get them. And the experience that we are having with counterfeit goods coming out of China, I mean I have literally lost 80 percent of my business in Nigeria from counterfeits, because price points. But then if there is a product that looks like mine, doesn't smell like mine but could be mine, now I am the owner. I am the bad guy. I am the responsible person that has now brought this negative and bad product to the community.

And so we are diligent in fighting this propaganda. We are diligent in trying to secure goods. But as you can appreciate, it is not always easy to prove the fact. Now we know it is going on but how do you prove it? How do you have recourse? And those are the things that we are trying to deal with in Africa. But we know the potential.

And to your concern, Mr. Chairman, about women and the possibility of the Chinese mindset, I don't necessarily see that happening in Africa but it could, relative to pressure. It could, relative to economic strength from China saying hey, if you don't do this we won't do that. And the economics tend to shift the dynamic, shift the mindset, shift your ethics. And we as Americans are always strong on ethics, morals, standards, quality. If we continue to be a second class citizen with regards to courting Africa, I think it would be a travesty to be quite honest.

Mr. SMITH. Mr. Maynor, has the U.S. Trade Representative been of any help to you as China has stolen your products and sold them—

Mr. MAYNOR. No, they have not. I honestly haven't had any experience with the trade representatives here to be quite honest, and that could be as much my fault as any. But in talking with Congresswoman Bass, we spoke about the fact of centralized information. There are a lot of things that I heard here today that I did not know existed relative to assistance for international trade. Now again I could be at fault. I am the director of the department. I should know those things.

But where is the consensus view? Where is the database? Where is the mindset or the process by which to disseminate that information to myself and people like us? I am the diaspora. I am proud of being that and I know that the reaction that I have. And I work with a lot of Africans who have come here who are U.S. citizens, and they are a wealth of knowledge and input with regards to going back to Africa because they can sometimes help us circumvent the learning curve and the hindrances of dealing with the wrong individuals. And so the diaspora is very important.

Mr. SMITH. Our bill would establish a special Africa Export Strategy Coordinator, and if you look at who would be included in the coordinating mechanism established by the bill, it will ensure that everyone is on the same page rather than all these stovepipes, which is not unlike what we used to have with our intelligence community before 9/11. The left hand never knew what the right hand was doing. So this is what this seeks to rectify in part.

Any other comments before we—

Mr. WASHINGTON. I would like to piggyback on what Mr. Maynor is saying. It is my experience over the last 6 years on the ground is that many of the individuals will continue to accept donorship if it is continued to come. But the majority of them, and what I decided before I went into Sierra Leone is to study the history of the people, their reactions to various uprisings, upheavals, and decided to ask, myself is not to go in as a missionary mindset, is to go in and ask five questions.

When I first hit the ground and put a delegation together with the support of NAACP, with Bruce Gordon, gave me Crystalline Kirk. I brought an architect to do an assessment of what we see, the human rights assessments. I brought a doctor to give me assessment in there, and asked five questions. And the first thing I would ask is, what are the top five things that you would change about this country or your living standards, if you could? The first thing was always corruption. The second thing was job creation. The third thing was the eradication of malaria, and the fourth thing was cleanliness, and the fifth thing was basically being able to just have their education.

It is really, really interesting the education was last, but I found out that if you have poverty then you are going to have corruption, and it is not the other way around. And I think that is the stigma that has been running rampant, where even myself with all of the support.

And I have to honor the Bockari Stevens' and Michael Owens and the ambassadors there that I have been working with, but they have been rendered pretty much ineffective because they are considered politicians. Whereas I show up, I show up as, they don't know me as Dr. Burke, in the bush. They know me as an African-American who kept his word. They know me as an African-American who asked five questions and delivered in a timely manner.

In fact, when I was building the school in the village I found out that my architect, he lost some workers. After about 3 months of building all my workers left even though they were being paid on time, they left. And they came back about 2 months later. It took about 8 months to build the school. It was really supposed to be a year but we pushed by 8 months to deliver before the President was being elected so he could use that as what is good is happening in Sierra Leone.

And when they returned they were in shock that the school was still being built and that there was a cash flow still happening. And when we asked why they left, they said that in their habitual clock nothing goes past 3 months. No job has ever gone past 3 months in about 50 years. And when you go to Sierra Leone you will look at all these concrete buildings and all this rebar. I look

at them like unbelievable tombstones of either pretense ego or just infidelity, however.

And there is a lot of ghost schools. People didn't put together NGOs, they just build schools and there are no students and no teachers. So I look at those things every time I go back to Sierra Leone and then I am left with those children looking at me going, okay, you have come back yet again, but very little is changing.

I don't know. I don't know what more I can do or what more we can do. But I do know that if we continue to ignore Africa as the second largest continent in the world and now the rising of Boko Haram, we ignore Africa at our peril in this next coming 10, 15 years.

Mr. SMITH. Ranking Member Bass?

Ms. BASS. Thank you, and I just have three short questions because I know we are going to come on the clock again and have another vote. But as I listen to you, Mr. Washington, it is amazing, because there is so much, I think, attention has been given to a lot of your work on the philanthropic side, the foundation and all, but yet you talk of the Hira International Investment Group. And as the two of us were commenting, we haven't heard that on CNBC.

And I just wonder about that in terms of the publicity that you have gotten. What has been the response? Have you tried to talk about that? CNN, I haven't seen that there.

Mr. WASHINGTON. I think I have learned my lessons. I don't know, should I just say no comment? I have my theories on that. I think the proof is in the pudding. I have been working at this for 6 years in a very positive manner. I have made history April 26, 2010, along with W.E.B. DuBois. I can say that it has been put on media blackout but I think that would be a horrible joke.

Ms. BASS. You said you made history?

Mr. WASHINGTON. April 26, 2010, becoming the first African-American—

Ms. BASS. Oh, right.

Mr. WASHINGTON [continuing]. Human being to receive a dual citizenship solely based on DNA. Now my ego doesn't lay in the ground on whether or not I am getting, I do have to admit CNN did give me a ticker. I think my wife caught it and she was happy to hit the record button, and when I did get back in-country I saw the little ticker on CNN. Isaiah Washington receives his citizenship in Sierra Leone.

I think that is the fundamental problem. Although I love Fareed Zakaria and I love watching GPS, I just can't support it anymore because every time I pick up the television, and I love my favorite shows from Charlie Rose. If I read, all I am hearing about is the Middle East. And for the life of me I can't understand how Egypt fell into the Middle East.

So when that is going on I just go inside. And I decided that the best thing for me to do is just keep working, keep pushing and keep moving forward, and eventually I will meet individuals like Greg Simpkins and Congressman Chris Smith and Congresswoman Karen Bass, and obviously the long-time support of Barbara Lee, Mel Watt and Congressman Rush. I don't have time to think about whether or not I am getting more screen time as Angelina Jolie or

Brad Pitt or Matt Damon or George Clooney. I know the answer to that.

But I think that in time we can change the face of that and know that this is not a missionary project. This is not a back to Africa movement. This is an economic opportunity that all of America is really, really embarrassingly missing out on.

Ms. BASS. Well, I told Mr. Rush and Mr. Smith that I am just really excited about being a part of the legislation and want to do everything I can, and especially following in their leadership and guidance. And so the conversation that we were having before is what do we do next. What is the strategy to move this forward? And to me it seems that part of it really is promoting, and maybe it is talking about GPS and holding them a little bit accountable in talking about looking at the economy and the economic benefits of investment in Africa.

And so to me I think about the Hira International Investment Group, and with that I think it is part of putting the information out there so people are aware of the potential in the investment, and I think it down the line will help us get the bill passed. So I will look forward to continuing to work with you on that.

Mr. WASHINGTON. In the old way of saying that we—I think I said it to one of my colleagues out here from the Moroccan Embassy, which I will be traveling to hopefully very, very soon hopefully to sit with BCP Bank and King Mohammed VI. I have been invited once. I chose not to go for some other reasons, the little Western Sahara issue there.

But I think it is high time to really start negotiating this idea. I have been hearing a lot, this thing called sub-Saharan Africa. I really don't understand what that is. Now that I am a citizen of Africa, I don't know where that came from. I don't look at any country that is in the south that may be harboring those that may have more metal than the others. I look at North Africa. I look at South Africa. I look at Central Africa. I look at it as Africa or Ethiopia, the land of Kemet. And I think once we really start restoring the historic aspect of what that great continent has contributed to all of humanity that would be one heck of a start.

Ms. BASS. I agree, and I think with our own population the first thing we have to do is get people to understand that Africa is not a country, and all the benefits are there.

Mr. Maynor, when we were talking before about how we expand the work, the knowledge that you have from being involved in Africa for 30 years, and how we maybe even bring together businesses that are interested in investing in Africa and have presentations from you, from Mr. Washington, talking about your personal experiences, I think, would be very beneficial.

You mentioned a little bit about Ex-Im, but I wanted to know how if you have utilized Ex-Im, has the U.S. Government been supportive in other ways whether it is the trade off as was mentioned or—

Mr. MAYNOR. Yes, our CFO primarily deals with the Ex-Im Bank negotiations, and he has sent several inquiries for some of our distributors. My understanding from him is that some of them didn't pass the vetting process. They may have had some late payments or they may have been in essence too small to even bother with.

So I don't know all of the rudimentary details relative to our Ex-Im Bank challenges, I just know that we have not been able to really consummate any assistance with regards to selling goods to Africa or helping with receivables.

And so I think it is our charge to reengage Ex-Im Bank to understand what is going on and hopefully Ex-Im Bank will still exist. I mean again this is something that I am hearing for the first time and it sounds like a travesty. Even though I may not have the best experience, but that is only current. That is not future. You see, I always believe in things can change, I believe in so long as we put our best forward we make it known that what our requirements, our needs are and how they could assist us, I think dialogue helps to bring about a better understanding and cohesion with regards to getting loans and assistance.

And again, for us it is about receivables. How do we manage those? How do we extend credit being the size that we are and in taking those challenges? So again, I would defer to my CFO for all of the exact details. I just know that I have not been able to sell more as a byproduct.

Ms. BASS. Well, I also wonder if there is ways that we can be helpful to you—

Mr. MAYNOR. Oh, absolutely.

Ms. BASS [continuing]. In terms of facilitating those relationships. Because as we are moving in this direction with the legislation to the extent that we can start practicing it now, I think will only help us in terms of—

Mr. MAYNOR. It will absolutely help us. And again our conversation earlier about pulling together groups of people who have a like mind, have a like interest, have like needs relative to Africa and African business. We don't have to be the same enterprise. We can be different kinds of companies. But experience is experience, and you begin to share that.

I have had very good experiences with again some people who are from the African continent. They live here. They are part of the diaspora. They were immeasurably helpful to us about who we should talk to, why we should talk to them, where we should go, what we shouldn't do when we get on the ground. Those things can also be incorporated in some U.S. documents, some U.S. assistance.

And I have had very good interface with various ambassadors and commercial attaches in different markets, so I don't want to paint a picture that we have had no assistance. I think that your ambassadors and your commercial attaches do a brilliant job under the challenges that they currently have. And again all of them need to be empowered. They need to be giving more assistance, and I look forward to this bill being enacted and helping some of these things to happen in a very positive, in a very short-term manner.

Ms. BASS. Well, and I will agree with our chairman here that we definitely need to speed it up, otherwise just by the length of time it won't happen.

And finally, Mr. Eisner, one question was turned to you from the other panel, which I asked specifically what countries have the Chambers? Obviously, South Africa, but what countries other than South Africa?

Mr. EISNER. Sure. So we have two tiers of AmChams at this point, American Chambers of Commerce abroad that the U.S. Chamber works with to establish throughout the world. I think at this point we have 119 in 115 countries. As it relates to Africa, we have South Africa, Tanzania, Ghana, Nigeria, Cameroon, Zambia, Sierra Leone, which was the most recent one that we accredited, and Kenya, with prospects out there of Mozambique, Ethiopia, the Gambia, Senegal, Madagascar, Cote d'Ivoire, Mauritius, Uganda and Zimbabwe. I think I have that just about right.

AmChams are organizations that are driven by American businesses doing business on the ground there. So in some countries you do have a presence of, I think Nigeria has a Nigerian-American Chamber of Commerce, but it is really a Nigerian businessmen's group that is trying to do business with the U.S., which is all good and well but it is not exactly the directives of what AmChams are which are to make beach heads for American firms and give them some of what the Embassies do, which is the commercial understanding of the markets. And that is what AmChams primarily provide to American companies.

Ms. BASS. Well, I also wanted to ask you what role the Chamber is playing in terms of Ex-Im and the fact that we are, the clock is ticking. The Chamber is one of the most powerful organizations here on the Hill, and especially in terms of the majority. And we are working in a very bipartisan fashion here, but the majority responds very strongly to—and I have certainly been lobbied about Ex-Im but it has been my individual companies and I wasn't in. I am very excited that the Chamber is supporting this bill, because in the same way that I believe your presence and support can help make sure that this bill happens, because of the power of your organization, what are your lobbying efforts in regard to Ex-Im?

Mr. EISNER. So we have been extremely busy. I don't have all the nitty-gritty details as my coworkers on the other side of the aisle that focus on domestic issues have been more focusing on that, but I know we have probably had somewhere in the neighborhood of 30 to 50 meetings with members of all parts of the U.S. Government whether it be administrative or in the House or in the Senate.

So we are steadfastly in support. We wanted this to get done last year. We wanted it to get done last month, and now we are still at the standpoint of why isn't it done. And I think we still have got some educating to do of some of your friends and colleagues to make them understand the value.

Ms. BASS. This is exactly what I was referring to.

Mr. EISNER. Yes. Yes, I know. It is the work of you all too to convince your colleagues that this isn't something that is hurting American workers. It is actually helping American workers to drive those exports abroad, because unless you only want 7 percent of consumers out there which are in the Americas—

Ms. BASS. Well, I mean I think that there is a lot of misconceptions about international work, period.

Mr. EISNER. Yes.

Ms. BASS. And viewing it as in a time of an economic problems that we are having and a large deficit, we need to cut wherever, and the education around how this benefits our economy, I think,

is really important, and your organization can certainly take the lead in that.

Mr. EISNER. Well, I appreciate that. We have been very active out there and we hope to have some sort of concluding legislation here in the couple weeks. If we don't, then I think we are all up the river without a paddle.

Ms. BASS. Have there been meetings with the majority leadership?

Mr. EISNER. I believe there have, but I don't have the exact details on that. I can provide them to you afterwards.

Ms. BASS. All right, thank you.

Mr. SMITH. Mr. Rush?

Mr. RUSH. Thank you, Mr. Chairman. This has really been a very insightful hearing and I am just pleased to hear some of the commentary from both of this outstanding panel.

I must say, Mr. Washington, to you, you inspired me in some ways to have my DNA traced. And I am from the Ashanti in Ghana, and also from the Bukit, from the Cameroonian and Equatorial Guinea on my father's side. My mother's side is from the Ashanti in Ghana.

So I intend to hopefully travel the same path that you led and even to the point of dual citizenship if at all possible. I think that again and I am headed down that particular road.

My interest in the trade aspect of Africa has a self-interest perspective. The district that I represent has an unemployment rate for young people that holds around 60–65 percent. And as a result then you have all kinds of issues that are a result of unemployment, dropouts and that type thing, and mostly in a large portion of my district.

And so I view the expansion of the American marketplace to Africa as being not only an opportunity to help grow a middle class in Africa, but also to help expand and then strengthen a declining middle class here in the U.S. And so I think that it is the key, it is the answer to both of those two problems on both continents.

And I was in Sao Paolo, Brazil, a week ago at a conference there on energy. And Brazil is one country that is, they don't rely on foreign oil at all. There is no foreign import of oil, petroleum of any note. It is free from foreign oil. And the reason why is that they use ethanol that is derived from sugar cane. And in your comments you were talking about how arable the land is in so many African countries, all right, where you can grow. So the point is that was driven home to me was that energy and agriculture, there is a nexus between energy and agriculture where, and if we are going to meet the demands of the next 25 years in terms of these emerging countries and the expansion of the middle class and the things that the middle class want, need and will purchase, then we have got to also deal with the energy components of that and the energy demands of that.

So you can elaborate and you can put it in perspective.

Mr. WASHINGTON. You are exactly right. I am trying to contain myself here. I have been overwhelmed a couple of times here in some thinking, think-tanking here. I have about a clear vision on just elephant grass alone which is growing pretty much 90 percent all over West Africa. That's the new oil, as well as water being the



new oil. I have a vision for that. That's a cost of \$3 million to get that started immediately where a biomass, biofuel opportunities right there in Sierra Leone to start development as soon as possible. Holland has bid on it. There is interest from Denmark.

But again, I repeat that my President has put out a mandate that he is trying to hold out to keep from being neo-colonized by the Europeans and/or, I am not so sure the Chinese are going to colonize Africa, but they certainly, I don't think they really care enough about colonizing anything. I think we can take a lesson from Chinese as opposed to really beating them down about the human rights issues, but take a lesson that they are focused. They are very focused on what they want and what they need.

Now can we fault them for going and getting what they need and not talking about it? No. They go and get what they need for their people. And I go back to our strategy, our marketing tool, our branding tool. Are we doing the same or are we just sitting back posturing and boasting about all kinds of things and acts and bills that are falling at the wayside and being left behind. As you say we are standing flat-footed. What I have said repeatedly on Capitol Hill in the last 6 years, I have over 6,000 acres of land to grow whatever you need.

I know I have just returned from Sao Paulo, Rio de Janeiro, also Recife and the state of Ceara in Fortaleza. And I know my phone is blowing up for me to get back to Brazil so I can walk them into Sierra Leone. Now am I going to keep them at bay forever? I have gotten calls from Russia, India, and China. This Dr. Burke thing speaks in all languages, 65 different languages around the world. So it is almost like an American Express card for me because the power of this television.

But I am American. There is American at the end of African, if I choose to call myself African-American. And it is very difficult. I too feel like I am under pressure, in the position as my President in Sierra Leone is, how long can I hold out on cash that is being put on the table by these other entities that are saying, whatever you need, whether they are going to build that road right or not, whether or not going to take care of the children that are being born out of wedlock. There are a lot of Asian and Sierra Leonean African children are running around that need parents and they don't have them.

So we have other social issues that are developing on the ground as long as we continue to ignore, or for some reason we are thinking that this is the European's backyard like we have the sense that Latin America is our backyard. I don't really understand how that sentiment is still being felt, but I can see it by action or lack of. So agriculture, agriculture, agriculture is the name of the game. I think right away we can employ millions of people here in America alone with their expertise and innovation as soon as this bill, hopefully 180 days after this bill is signed. I can't wait. I am waiting with bated breath and I hope for the best. But again we are just talking about great ideas that I have gone over for years in being in Sierra Leone that I know we could implement tomorrow.

Mr. RUSH. I yield back, Mr. Chairman.

Mr. SMITH. Okay, we are joined by Congresswoman Jackson Lee from Texas.

Ms. JACKSON LEE. Mr. Chairman, thank you for your courtesies, and to Ranking Member Bass and to the author of this vital, the authors of this very vital legislation. I want to just take a moment to applaud you.

I went in the inaugural trip on AGOA legislation, African Growth and Opportunity, which talks about legislation, bringing goods out. I traveled to seven nations. One of our persons obviously quoted the former Ranking Member Donald Payne and Charlie Rangel. And we had all hopes, I think Mr. McDermott on the Ways and Means was part of this, and we see the positiveness of it.

But as I listen to both of you dealing with this legislation, one of the things that you are highlighting is the dumping that comes where African exports are even having difficulty under AGOA. H.R. 4221 talks about an overdue partnership and respect and recognition. That Africa is an adult, is worthy of the respect from the United States as an equal partner in trade, in defense, in issues of health care and respect of culture. So I certainly wholeheartedly support H.R. 4221.

And I heard Ranking Member Bass ask the question about leadership, and I really think she was asking it, and I don't want to interpret her words, but for a good bill such as this with a simple premise, why this cannot move through committee and move to the floor of the House. Because everybody is talking about jobs, and when you talk about exports you are talking about jobs.

So let me try to get to questions and thank all the witness. Let me acknowledge my very, very dear friend, Mr. Washington, a constituent, a Houstonian. I don't know if he knows how many love him in our city and community, very proud of him, and these are not unnecessary words. For us he is our Oscar-winning, talented provocateur of the arts, of acting.

Mr. WASHINGTON. Not Oscar yet.

Ms. JACKSON LEE. Excuse me, my claim. You can't in any way disagree with a Member of Congress. He is our Oscar-winning, I have promoted you, I understand. Take the hint. For us it is an Oscar because of his talent and because of his generosity. And so we have inducted him ourselves because of the broad view that he has on the world.

I want to thank Mr. Eisner for your presence, and Mr. Maynor, and everybody knows Luster Products. And we certainly want to make those products available.

But let me just pose to you, Mr. Eisner, and I am going to go across, and again I will try to be swift. I was with the President in South and Central America for the Organization of American States, and beside what ever other news came out of Colombia, South America on other unnecessary activities, the interest was to focus on the partnership and economic link to South and Central America. And though this is a sidebar comment, there are two states that have Afro-Colombians.

And what I saw in South and Central America, been there a number of times and have been to a number of regions that have African-Brazilians, African et cetera, but there was still that strong link between the Afro-Colombians and Africa. Not that they just came back or they have some, but just the lineage connection. And I think in this country we have to do a better job. There is no in-

sult—Chinese-Americans are strongly supporting China, will defend to the end. Korean-Americans, there is a trade bill with Korea. Certainly my friends of the Hispanic and Latino community recognize the importance of South and Central America. And Canadians or Canadian-Americans or whoever recognize the importance of North America, Canada.

What we have to do is recognize that importance. And I just want to ask this pointed question to Mr. Eisner, because I didn't hear, Mr. Chairman, did you secure an endorsement of 4221? I just did not hear. And the reason why, I was with Mr. Donohue right across the table in this meeting. We were glad that he here—excuse me, I am sorry. We were glad that he was in Colombia, and I was in Colombia right across from him.

This is a bipartisan bill, so this is not a criticism but it is a note to you. The Chamber has not done good work on Africa. And so my question is, are you suggesting that you will look closely at H.R. 4221 and really work on what I started out by saying that Africa is an adult and should be treated as such and we should be increasingly looking to send mature delegations over joined with Members of Congress. Again it is not a criticism, so let me just stop. Is this a bill that you have looked at, sir, and can work with the Chamber?

Mr. EISNER. Yes, we said at the outset we are supportive of this legislation.

Ms. JACKSON LEE. Okay, thank you.

Mr. EISNER. At any point of having a bipartisan support especially across the way with the Senate that focuses attention on Africa, I would think we would be remiss if we didn't support it. There are elements, I think, as we analyze it further and further we will probably want to work with you on and massage a little bit like any piece of legislation, figure out where the right and the wrong are, but to put some centralized focus in this government on Africa is long overdue.

I take a little umbrage to say that the Chamber hasn't done good work in Africa, because I think we have done a lot of work trying to help our members understand the prospects that exist in Africa across the continent. It is not just one place, it is many countries. And we have spent a lot of time in the last couple years, I will admit that prior to kind of myself and my colleague, Danielle Walker's arrival on the scene from Africa at the Chamber, we overlooked it. But that is a time that has gone behind us we are looking to the future, and we think that there is an opportunity here for our membership to really engage Africa in a much more substantial fashion.

Ms. JACKSON LEE. Well, I am delighted that Ms. Walker is here. We obviously know her reputation. But I see a lot of friends in the room here. But let me just make the point, I would hope that you would reach out and talk. You have got the chairman of the committee that is a powerful support of Africa, a number of members here. That you would reach out to members who are stakeholders in that area.

And I would offer to say without insulting the chairman and the subcommittee and the ranking member, members of the various caucuses, I would just say the Congressional Black Caucus, and I

am not sure if that kind of give and take has occurred. This bill will be a great groundwork for that. Mr. Rush has traveled all over America talking about Africa, and I have been there over a number of years having started going to Africa in my early college years and have not stopped on that. So I would encourage that. So thank you for that and I hope you will expand your reach to members on that issue.

Can I just say to Mr. Maynor, you have made a very valid point. One thing I want to make sure, you may have discussed it. I think I heard you talking about the Export-Import Bank should be helping you? We are strong supporters. Maybe you are going to say that it is, and we want to congratulate you if it is.

Mr. MAYNOR. Well, my comments earlier were that we have had some challenges. Primarily my CFO does the day to day or the intricate interface with Ex-Im Bank. And what I was saying is that as a leader or as the director of the department I have not seen any sales as a byproduct of having Ex-Im Bank support. But there are challenges and in challenges with our customers. From what my CFO has said that they have done the scrutiny, but some of the accounts that we wanted to do business with did not hold up to that scrutiny.

But my point to that is what are the rules of engagement? What are the fine lines? What can be done in a risk-reward kind of mindset? Because if we don't take a chance there will be no results.

Ms. JACKSON LEE. Absolutely. There are 800 million-plus and growing. There may be 1 billion soon, and there are 53 nation-states. And let me just make the point that we need to do a better job of making sure that our institutions like World Bank that does another business, but Ex-Im understands that they work for you, and with the Chamber's good work in terms of exploring where the good opportunities are. When I have talked to business persons they have said, we want to know how to get our money out of Africa—

Mr. MAYNOR. Exactly.

Ms. JACKSON LEE [continuing]. Once we do business. One of my great pastors, Pastor Lockett of the CME church, went into agricultural business in Ghana and I think they were doing quite well in terms of they bought a lot of land, et cetera, whether he has passed and whether it is continuing. We need to build institutions, institutional relationships.

And I think something that Brother Washington said, I am going to ask him, to show that we have staying power is vital. So can I just end by saying that I think our message should be that this vehicle of H.R. 4221 should be establishing that partnership of exports, but we need to be, and we have enough tools from the U.S. Department of Commerce from trade missions that they used to take, to match up, and the Chamber, the right business partner for you to survive.

Let me move to Mr. Washington as I conclude. I have already said how proud we are. But you made a point about staying power, and that was an enormously emotional point. I have been to Sierra Leone but we know that there are other challenges. Even with a growing middle class there are challenges on the continent.

And I don't want to sound patronizing, but some of it is their charm. Some of the cultural connectedness, historical culture is part of the continent's charm. I don't know if they will lose all of that. I don't think they need to lose it to have a prosperous, thriving export-import and producing products. I don't think they need to do it. But what you were saying is, and I think that is the point that we, that this bill, but overall need to convey. And if you would share that with me. They need to know that Americans are there to stay for a good purpose.

And I have no criticism that I want to publicly say, but we know that China is there in a large way. I happen to be a chauvinist on America. I think we have a better product, better construction, better rules, better laws that we can be a more constructive partner with Africa, but they always ask the question of staying power. I come from Texas so you know there is oil and gas. I don't want to throw oil and gas under the bus. I want to see minority companies from the United States, KMAC, for example, down in Houston, Texas, having the opportunity to be like my multinational friends that have been there for 50 years. I need a two-way street that our heads of government in Africa will be open but we need to prove staying power.

Mr. Washington, if you would just comment on that part.

Mr. WASHINGTON. Again, this is probably the best time I have ever had on the Capitol Hill in my entire African-American life. I would love to meet this gentleman named case law in our good home state of Texas. I have been getting all kinds of roadblocks. I know he wants to get into Sierra Leone. I will be happy to bring him.

The one thing that I have been able to utilize, I became an actor because I wanted to eradicate stereotypes for African-American men. I had no interest of becoming the next Denzel Washington whatsoever. I became an actor so I could sit here one day and look before you guys and there it is. I am excited about your excitement. I am excited about the idea, but I also know that without a belittling of the highest office in the land, without trying to downsize the leader of the free world, it cannot go unnoticed that you have millions and millions of people of color, particularly those of the African diaspora, the African descent that what it would mean if this President, who happens to be African-American, would sign a bill like H.R. 4221. I know for a fact there will be jubilee in every corridor and every dirt road and every shanty all over that continent and beyond and even in Brazil where I just left. I can't wait to get to Salvador Bahia.

So what my purpose in life is, is to—I have had a very privileged life. Growing up in Houston and never, ever being in a position where my skin color or my, anything to put it in a position, believe it or not, growing up in Missouri City, Texas, being the first graduating class of Willowridge High School. It was always diverse before we even had the word diversity. So I didn't hit ignorance until I joined the military. I didn't get ignorance until I started meeting other people from smaller towns and smaller states. So I have always thought big as most Texans do.

But Sierra Leone is not as big as the state of Texas, and the reason why I stay true to it is because I know we can change this

country around. It is only 71,000 kilometers from east to west. You can travel it in 6 hours. And the history that I have discovered in my lineage is that there is not one African-American walking on North American soil that did not get processed through Bunce Island, which is off the coast of Sierra Leone. It is not coming from Goree Island or Elmina Castle, most of the slave labor that left those slave castles went to the Caribbean and went to South America. So all I am simply trying to say is that we have some of the richest Africans in the world right here in North America, right here in the United States, and I just want to try to wake them up. And hopefully if we can get our President to help wake them up by signing this bill as soon as possible, I think we can get a lot of other congressional careers extended by providing a lot of jobs as soon as possible.

Ms. JACKSON LEE. I don't want to overstep the chairman. He and Mr. Rush may be rushing toward the floor, but I am just going to put on the record that this would be a non-painful bill to put on the floor. I don't know how I could capture it as a trade bill, but I would say it is a jobs-creating bill, Mr. Chairman.

And so I would hope that we could, I guess we have not marked it up, I don't want to misspeak again, but that this bill could be marked up by Foreign Affairs. I don't know if overriding jurisdiction is also in Ways and Means. So we have the complexity of the congressional process of committee work, and also on the Senate side. I don't want to speak for the Commander in Chief, but I can feel very comfortable that that office would be excited and would be very willing to support any bill that we passed out on this very topic.

But if you would just close by just going to the importance of America staying, like if we make a commitment we have to show that we are willing to stay in Africa and that we are willing to commit to Africa.

Mr. WASHINGTON. That is the strategy that I have been using. And I say this to Congress and said earlier is that long ago we were at the forefront of not just doing humanitarianism but going into countries and having that staying power. And not just going in bringing tanks and wars and guns to secure whatever it is we thought we needed. I think we can have more than enough not only for ourselves but the world at large by engaging Africa and becoming a staying power.

Now that doesn't mean building a military base in various countries in Africa. I have already had that conversation with people interested in Africa. I don't know if that is the right strategy. But to have individual business persons providing jobs on both continents where everyone can create their own dreams.

On the world that I have been benefiting from in Hollywood is that everyone watches YouTube, and they are going to be watching me right now and they are going to be waiting, and I just hope that the wait coming from the American people and our Government in the United States of America, which—even Liberia shares the same constitution as we do, guys. Sierra Leone had the first Freetown, before Liberia. So there would be no HBCUs if it were not for that man, Joseph Cinque, who tried to turn the Amistad around, who happens to be my ancestor.

So I am going to continue fighting under the radar if need be, but hopefully after this we can get out of the dark and stop calling the continent the Dark Continent, and shed the right proper light on it and get some things done that will benefit those who built this nation that happened to have been put in the position where we were sold to this nation.

Ms. JACKSON LEE. Mr. Chairman, thank you for your kindness. Thank you, Mr. Washington, and for all the witnesses. And I just commit to work with this subcommittee and the leadership of Chairman Smith, on the author of this bill, coauthor of this bill, Mr. Rush, the ranking member Ms. Bass.

I think this is an excellent idea. I think this is the absolute perfect connection or next step to AGOA. And I think that in spite of an election year, I don't see why this bill couldn't be passed and signed by the President of the United States in this election year. How noncontroversial, how job-creating is this or not?

I yield back to the gentleman. Count me as one of the advocates for this legislation.

Mr. SMITH. And we thank the gentlelady for her very kind comments.

Mr. RUSH. Mr. Chairman, I would be remiss, I ask for just one additional—

Mr. SMITH. Mr. Rush.

Mr. RUSH. I just ask for one additional moment. I would be remiss if I didn't ask Mr. Washington this question. Because he kept referring to Hollywood, and I know he is an actor and renowned actor, and he has had a lot of—from the city that produces greater people in general, from Houston Texas. I wanted to just ask him this question.

I have been in contact recently with a fellow by the name of Mr. Jeta Amata. And he brought to my attention that the fastest growing industry in the entertainment industry is in Africa. And that the Nigerian film industry makes more films than the American and is surpassed only by, they call it Nollywood, is only surpassed by Bollywood.

And Nollywood has grown at about 18 percent a year and was worth almost \$300 million in 2010. And according to research by the management and consulting company of McKinsey & Company, it produced about 2,000 new films in 2010, and that number is growing at 15 percent a year. So not only does Africa have a lot of potential in terms of agriculture and energy, but also in terms of the entertainment industry.

And can you want to say anything about that meeting?

Mr. WASHINGTON. You are very clever, sir, but thank you very much, Congressman Bobby Rush. Yes, as soon as I get on that last train smoking I am going to New York to make a little bit more of history working with Black Ivory Films Limited and Tony Abulu, who has been an extraordinary producer for Nigeria for the last 30 years. I will go down in history as probably the first African-American lead joining forces with Vivica Fox and Haitian extraordinaire, Jimmy Jean-Louis.

Start filming April 23rd, completely supported by Ex-Im Bank and all the various governors of Ogun State, Abeokuta and others. I am hearing from my text that we are doing a press conference

on the 20th of April to talk about just this, is how 5,000 films a year come out of Nollywood and they are not getting any attention. So I think President Goodluck Jonathan is very excited that I have allowed my brand to help co-brand their beautiful sky mountains to show what is good that is going on in Nigeria as opposed to the countless loop of what is going on in Jos.

Like the gentleman said before, the Ambassador, there is other beautiful things happening thousands and thousands of miles away. It is just like Congressman Bass know or Congressman Lee knows that what is going on in Studewood is not what is going on in Dallas, or what is going on is not what is going on in Tyler. What is going on in Compton is not what is going on in Beverly Hills. They are totally separate.

But if you are only seeing that one thing, Kony 2012 or the red one, the negative, the conflict, then obviously television is one of the most powerful mediums in the world. And that is why I am using my brand to have 25 countries watching a film from the press conference to the red carpet. So everyone in all of Africa can see the beauty of what is going on in Nigeria and how we are making this historical film, Dr. Bello.

Mr. RUSH. Yield back, Mr. Chairman.

Mr. SMITH. Anybody else?

Ms. BASS. Let me just say in closing, this has been a very inspiring hearing, it really has, and I am very excited about this. But the hearing is step one, and afterwards it is about a strategy. It is about making this happening. And we were certainly talking amongst ourselves about what those next steps could and should be. And so I just hope that the three of you won't object to us calling on you again, because we would definitely like to include you as partners as we move this along until the bill signing.

Mr. WASHINGTON. Thank you.

Mr. SMITH. I too want to thank our very distinguished witnesses for your patience. This is kind of late and you have been very, very generous with your time, but more importantly with your talent, and by giving us insights and additional arguments to make as we move this legislation forward and gain a greater understanding of the promise that is Africa.

The Nigerian films issue is one that gets scant focus. I didn't know, Mr. Washington, you will actually be starring in one. Maybe you could tell us what the plot is. I will ask you privately.

But thank you so much. It really is very, very helpful and you have been extraordinary. With that the hearing is adjourned.

[Whereupon, at 5:42 p.m., the subcommittee was adjourned.]



# A P P E N D I X



MATERIAL SUBMITTED FOR THE HEARING RECORD

**SUBCOMMITTEE HEARING NOTICE**  
**COMMITTEE ON FOREIGN AFFAIRS**  
U.S. HOUSE OF REPRESENTATIVES  
WASHINGTON, D.C. 20515-0128

**SUBCOMMITTEE ON AFRICA, GLOBAL HEALTH, AND HUMAN RIGHTS**  
**Christopher H. Smith (R-NJ), Chairman**

April 16, 2012

You are respectfully requested to attend an OPEN hearing of the Subcommittee on Africa, Global Health, and Human Rights, to be held in **Room 2172 of the Rayburn House Office Building** **(and available live, via the WEBCAST link on the Committee website at <http://www.hcfa.house.gov>)**:

**DATE:** Tuesday, April 17, 2012

**TIME:** 2:00 p.m.

**SUBJECT:** The Increasing American Jobs Through Greater Exports to Africa Act

**WITNESSES:**

Panel I

The Honorable Johnnie Carson  
Assistant Secretary of State  
Bureau of African Affairs  
U.S. Department of State

The Honorable Florizelle Liser  
Assistant United States Trade Representative for Africa  
Office of the United States Trade Representative

Panel II

Mr. Isaiah Washington  
Actor  
President  
Gondobay Manga Foundation (Sierra Leone)

Mr. Scott Eisner  
Executive Director  
Africa Business Initiative  
United States Chamber of Commerce

Mr. Reginald Maynor  
Director of International Department  
Luster Products Incorporated

**By Direction of the Chairman**

*The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.*

COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF SUBCOMMITTEE ON Africa, Global Health, and Human Rights HEARING

Day Tuesday Date April 17, 2012 Room 2172 Rayburn

Starting Time 2:00 p.m. Ending Time 5:42 p.m.

Recesses 1 (2:44 to 3:17) (\_\_\_\_ to \_\_\_\_) (\_\_\_\_ to \_\_\_\_) (\_\_\_\_ to \_\_\_\_) (\_\_\_\_ to \_\_\_\_)

Presiding Member(s)

*Rep. Chris Smith*

Check all of the following that apply:

Open Session

Executive (closed) Session

Televised

Electronically Recorded (taped)

Stenographic Record

TITLE OF HEARING:

*The Increasing American Jobs Through Greater Exports to Africa Act*

SUBCOMMITTEE MEMBERS PRESENT:

*Rep. Chris Smith, Rep. Karen Bass, Rep. Russ Carnahan*

NON-SUBCOMMITTEE MEMBERS PRESENT: (Mark with an \* if they are not members of full committee.)

*Rep. Bobby Rush\*, Rep. Shelia Jackson Lee\*, Rep. Ed Royce*

HEARING WITNESSES: Same as meeting notice attached? Yes  No

(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: (List any statements submitted for the record.)

- Prepared statement from Mr. Carson*
- Prepared statement from Ms. Liser*
- Chart of U.S. exports to Africa*
- Photograph of trains being exported to Africa*
- Prepared statement from Mr. Washington*
- Prepared statement from Mr. Eisner*
- Prepared statement from Mr. Maynor*
- Prepared statement from Rep. Carnahan*

TIME SCHEDULED TO RECONVENE \_\_\_\_\_

or

TIME ADJOURNED 5:42 p.m.

*Shirley Pedest*  
Subcommittee Staff Director

**OPENING STATEMENT OF  
THE HONORABLE RUSS CARNAHAN (MO-03)  
SUBCOMMITTEE ON AFRICA, GLOBAL HEALTH, AND HUMAN RIGHTS**

**“The Increasing American Jobs through Greater Exports to Africa Act”  
Tuesday, April 17, 2012 2:00 PM  
2172 Rayburn House Office Building**

Chairman Smith and Ranking Member Bass, thank you for holding this hearing on U.S. trade and investment in Africa. Chairman Smith, I commend the goals of your legislation to increase U.S. exports to the continent and prioritize involvement with African Diaspora communities. Not only is this hearing very timely, given the current debate about reauthorization of our export financing mechanisms, but moreover, it highlights the connection between international development initiatives and our economic interests.

As laid out in the President’s National Export Initiative, boosting U.S. exports is imperative for our economic recovery and vital for our long-term competitiveness on the world stage. Yet, the credit squeeze continues to limit private sector financing, making the robust reauthorization of the Export – Import Bank and the Overseas Private Investment Corporation (OPIC) ever more critical.

Particularly, investment in Africa holds enormous potential, but requires incentives to help overcome difficulties in the African business environment. The incredible level of Chinese commercial activity on the continent further underscores this reality, along with what would happen if the U.S. disengages: the Chinese and other foreign competitors have laid the groundwork to quickly fill the void.

When discussing U.S. export initiatives to Africa, I think it is important to contextualize. Annual per capita incomes in Africa averages about \$1,300, but per capita incomes in a vast number of countries are less than half of this figure. Thus, the importance of our international development goes beyond moral imperative—put simply, efforts to alleviate poverty, combat health epidemics, and reduce corruption ultimately help expand consumer bases and create emerging markets where U.S. businesses can expand and flourish.

Chairman Smith, at a time when the activities of our export financing mechanisms, international development, and broader engagement policies around the world have come under increasing fire, I again commend the attention you are bringing to our export strategies. I also would like to thank the witnesses for the presence here today, and I look forward to your testimony.

