

**SECRETARY DONALD L. EVANS
REMARKS TO AGOA SUMMIT
WASHINGTON, D.C.
DECEMBER 9, 2003**

[As prepared for delivery]

Thank you, Philip. I appreciate being introduced by a fellow engineer... And I appreciate that Boeing is the largest American exporter to Sub-Saharan Africa....

I also want to thank Steve Hayes and the Corporate Council on Africa for hosting today's luncheon and for the tireless effort you put in to promoting Africa's trade and investment opportunities.

It is a pleasure to be with you this afternoon as we work to build on the many successes of the African Growth and Opportunity Act (AGOA).

I am honored to share this afternoon's program with Minister Cuttaree. Your presence here reminds us of the wonderful job Mauritius did hosting January's AGOA forum and the success of AGOA.

The "Mauritian Model" shows us that trade is not zero-sum game. US-African trade is a win-win. Thanks to AGOA, investment in Africa is diversifying, trade is improving, and our people are forging new relationships. We can be proud of our success, but we cannot be complacent – we all know we have a lot more work to do.

When I traveled to Africa last November, I saw firsthand evidence of how much work remains.... I learned the story of a family that had been pushed beyond the limits of hope.

A Zambian woman couldn't afford to feed her children. This desperate mother had already sold all her livestock. She had sold her household goods. She had even sold her family's clothing.

There was nothing left and she had many mouths to feed. So, this mother made an agonizing decision. She accepted the unthinkable. She decided that her only chance was to sell two of her daughters to feed the other children. She said, "It pains me that I have to do this but I have no option."

I keep a reminder of that family in my office. It is the only thing left on my desk every night and it is the first thing I see every morning. The disparity in this world between those who have and those who have not is morally unacceptable.

Our work here is noble: By strengthening political and economic freedoms in Africa through direct aid and international trade, we can lift millions out of poverty.

I am confident that Sub-Saharan Africa is moving in the right direction. As we have seen around the world, the best way to improve living standards is to create the conditions for businesses to succeed.... And right now, business in Africa IS booming:

When I visited Africa, I saw a continent where construction cranes and advertising billboards dot the skylines. New Internet cafes and familiar franchise chains are opening everyday. And cell phones rang everywhere – annoying, but a good sign of economic growth!

AGOA is helping African businesses grow. Total AGOA imports to the US through September 2003 are already \$10.2 billion, 14 percent more than for all of 2002.

And there's still plenty of room for growth – in the years to come, we hope to see enhanced regional integration, which will create markets of substantially larger scale.

The negotiations underway to establish a Free Trade Agreement with the Southern African Customs Union will introduce all sorts of new American partners to the African continent. And perhaps most important, it will do so in industries where U.S. companies have not historically been active in Africa.

In the long term, reciprocal trade agreements -- not just unilateral trade preferences -- will no doubt prove to be the most effective strategies for improving people's lives across the world.

International free trade does not expand by demanding nations unilaterally disarm their trade barriers. We all must reduce our tariffs, subsidies and other trade barriers to promote permanent trade expansion.

However, some countries are resisting trade negotiations in order to preserve TEMPORARY preferences. This sort of short-term thinking is what we must overcome as we continue negotiations in the WTO and the Doha Round negotiations.

The developing world has much to gain through successful WTO negotiations. A World Bank study identified that 70 percent of the tariffs maintained by developing countries are imposed on other developing countries. This amounts to a tax on development. Another study projects that further global trade liberalization could generate \$90- \$190 billion per year in higher incomes for developing countries. The potential rewards are simply too great to ignore.

Another area where this rings true is biotechnology in agriculture.... I am encouraged by the attention you have placed on enabling Africa to produce the food its 200 million undernourished citizens so desperately need.

We know there is great promise for famine relief in the advance of biotechnology in agriculture. Agricultural biotech has boosted productivity, quality and choices, and nourished the hungry. We must urge our counterparts in Europe to end their unsubstantiated and unscientific opposition to genetically modified food products. Food should be used to fight hunger – not politics.

Finally, to fully capitalize on the AGOA legislation, we need to move beyond the headline industries and look at the other 6,000 items where AGOA countries have trade preferences. Africa can do more to utilize its competitive advantages, especially in industries like leather goods, agriculture, and certain electronic and glassware products.

We must address Africa's transportation obstacles. You can't have economic growth when it is more expensive to move products from Uganda to neighboring Kenya than it is from Kenya to Japan. And we must make it easier for African entrepreneurs to access capital.

These are great challenges worthy of our great friendship.

But to achieve our full potential, African nations must take full advantage of opportunities created AGOA and their nation's pre-existing resources Specifically, we must also find a way to build on the enormous success of Africa's vibrant informal economies by strengthening Africa's legal infrastructure. My deputy Sam Bodman spoke to this when he led the Department of Commerce Delegation to the AGOA forum in Mauritius in January.

He took a page – literally – from Hernando de Soto's *Mystery of Capital*, when he argued that the absence of well-defined property rights is a foremost barrier to capital generation in the developing world. According to de Soto, the world's poor DO, in fact, possess economic assets.

You all know this to be true... Wherever I travel in the world, people want the same thing: They want a job.... And when the legal and economic system fails to create jobs – as it does in most developing nations – people go outside the system to build homes, start businesses and trade goods and services.

This generates a great deal of wealth, but because it exists without legal status or formal ownership, it does not foster long-term, sustainable economic growth.

To build on the entrepreneurial spirit of the African people, we should embrace it. African economic and property laws must reflect economic realities ...

The expertise and wide-ranging coverage of the Department of Commerce can provide an essential resource:

- Our Commercial Law Development Program is helping to strengthen the legal and regulatory systems across the continent.

- In March, I launched the Digital Freedom Initiative at the White House – an initiative to enable small businesses in the developing world access the benefits of information and communication technology. Senegal is the pilot country, where the American private sector is forging new relationships based on technology and entrepreneurship.

The International Trade Administration is also ready to help facilitate U.S.-African trade and cooperation.

Our 108 U.S. Export Assistance Centers throughout the U.S. offer export counseling, market research, trade events and international finance solutions to U.S. exporters. They are linked to the Foreign Commercial Service, which has about 50 officers and staff in sub-Saharan Africa located in five countries.

In the Trade Development Unit, our Textiles and Apparel Office is working with African counterparts to facilitate the entry of hand-woven textiles and folklore into the United States.

Our Market Access and Compliance division helps to obtain market access for American firms and workers, and to achieve full compliance by foreign nations with trade agreements they sign with our country.

Earlier this year, we funded a trade capacity building program for Southern African transportation specialists, hosted and organized by our Office of Africa. And I am pleased to announce that next year we will conduct a similar management-training program, this time focused on healthcare.

Improving health in Africa is a top priority for both the President and me. Our goal of expanded economic development and trade with Africa, the cornerstone of AGOA, cannot be fully realized without healthy communities and workforces.

The collaboration of governments, businesses, and civil society is essential. Many companies have responded by starting HIV/AIDS programs, although there is still much to be done.

In June, Commerce was pleased to work with Corporate Council on Africa during the U.S.-Africa Business Summit on three workshops aimed at strengthening healthcare infrastructure public-private partnerships. And Linda Conlin, our Assistant Secretary for Trade Development, returned a few days ago from Africa as part of the HIV/AIDS mission with Secretary of Health and Human Services Tommy Thompson.

As a follow up to this mission, Commerce is organizing an industry forum with the private sector at the beginning of 2004.

When President Bush traveled to Africa this summer, he saw what I saw a year ago: the great devastating wrought by HIV/AIDS on people with otherwise unlimited potential. It is a testament to the entrepreneurial spirit of people across Africa that they continue to work for a better life in the shadow of such tragedy.

This Administration is proud of its partnerships with Africa, both through AGOA and our fight against HIV/AIDS.

Africa is no longer Joseph Conrad's "dark continent" – today its future is bright and vibrant. But we must do more to unleash people's entrepreneurial spirit. You in this room have the power: You are the stewards of capital and know-how. You have the ideas and the contacts. You have the on-the-ground experience and a track record of getting things done.

Let us all listen to the Nigerian proverb, which tell us to, quote, "hold on to true friends with both hands."

Thank you.