U.S. Representative Karen Bass

Africa, Global Health, and Human Rights Subcommittee hearing

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

April 17, 2012

Opening Remarks:

Introduction

Thank you very much, Mr. Chairman; and thank you 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 and Africa.

I want to also 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 co-sponsor of this legislation. HR 4221 intends to assist in increasing U.S. exports to Africa by 200% within the next 10 years and it is my hope that we will achieve if not exceed this target. Both Senators Dick Durbin and John Boozman have introduced an identical version of this legislation in the Senate and I look forward to working with my Senate colleagues to ensure successful passage.

Hearing Objectives

The objective of today's hearing is to consider how the U.S. government can increase U.S. 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 United Kingdom, have more comprehensive trade promoting programs directed at Africa. These programs give foreign 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.

Strength of economic growth in Africa versus US

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

In an October 2011 report on economic growth in sub-Saharan Africa, 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-continent continues to outpace growth here at home. What's clear is that the United States must review its policies and look for new opportunities to diversify and expand. One way to do so is by increasing our low level of trade with Africa, both through public and private sector engagement. If passed into law, I firmly believe conditions exist that will promote win-win environments for both African nations and the United States.

Remarks on AGOA

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 African continent. AGOA, however, is a non-reciprocal 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 lesser-developed countries, which provide additional preferences in duty-free/quota-free access for apparel. As we consider extending this Special Rule, I also look forward to ways and mechanisms that strengthen AGOA into the future.

Trade Imbalance

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 dollars – a differential of more than $60 billion. Nigeria, Algeria and Angola were the leading exporters to the United States, 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 and HR. 4221 aims to address this imbalance and offer new mechanisms to reduce import-export differentials.

Business Example and Witness

I am pleased that Mr. Maynor who works for an African American owned business based in Chicago will share with this committee his company's over 30 year history conducting business throughout Africa. Like other small and medium sized businesses, I hope that Mr. Maynor's testimony offers additional insight as my colleague 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.