I would like to thank the Subcommittee on Trade of the House Ways and Means Committee for the invitation to speak today at this important hearing. I am Florie Liser, the President and CEO of the Corporate Council on Africa, which is the only U.S. trade association solely focused on expanding trade and investment between the United States and Africa.

This is the right time to look at how we can strengthen the U.S. trade and investment relationship with Africa. Countries on the continent are still grappling with the challenges of the Covid pandemic, but are beginning to plan for post-pandemic recovery, looking to get back on track to creating the jobs and growth they will need to meet the needs of a young and growing population. They are also looking to accelerate development of their digital economies, reposition themselves to capture shifts in global supply chains and invest in the infrastructure countries will need to facilitate greater regional and continental trade. African leaders are also committed to expanding critical service sectors, like finance and health, where Africa will become the second largest health market in ten years, behind only the U.S.

African leaders have been crystal clear in calling for more American investment in all of these sectors, as well as noting they would like to make expanding trade in both directions an important part of their economic development plans. At this year’s AGOA Private Sector Forum, African officials also expressly called for expanding our trade relationship to include services, as this sector is becoming as important to African economies as is to ours.

The United States is at an important crossroads in its Africa policy. Since its enactment in 2000, AGOA has been the cornerstone of U.S. economic policy towards Africa; it is now set to expire in 2025. Africa has become much more sophisticated, and better integrated globally since 2000. Africa is now in the process of completing the first phase of creating the world’s biggest unified market through the African Continental Free Trade Agreement, or AfCFTA. Far beyond just lowering tariffs, it has set up an innovative mechanism to resolve trade disputes and resolve non-tariff barriers to trade, as well as establish a payments network and adopt common standards and regulations.

The United States would best serve its own interests by recognizing the progress Africa has made and put in place policies that will allow our companies to mutually grow the U.S. and African economies. What does that mean in practice? Rather than choosing between AGOA, Free Trade Agreements or AfCFTA, we should adopt a much more nuanced policy that recognizes that there is no ‘one size fits all’ approach to Africa. It may make sense for unilateral preferences for certain African nations to continue under AGOA while we go beyond AGOA in developing mutually beneficial, reciprocal agreements with others.

Regardless of what other approaches the United States adopts, U.S. support for AfCFTA should be a critical component for U.S. economic engagement with Africa, and nothing we do should undermine this important African process. Indeed, to the extent that we can support African governments creating the kinds of trade and investment provisions under AfCFTA that will allow U.S. companies to thrive, it is in our interest to support Phase II negotiations on chapters like digital services and standards. The U.S. Government should make more experts from the technical U.S. agencies available immediately to consult and offer lessons learned from our experience.
There is no conflict in doing these while at the same time continuing the U.S.-Kenya FTA discussions, and establishing a model for other African countries. The USG has the opportunity to negotiate a trade agreement that doesn’t merely take as a given the U.S. “gold standard” FTA provisions, but is open to an FTA model that makes sense for the U.S. and its African partners. Such a model would cover goods and services as well as investments, would highlight what kind of transition periods that may be necessary. It is worthwhile to look at what has worked in other U.S. trade agreements over time, and consider adapting some of those provisions to this situation. We are also likely to identify entirely new approaches that will be needed to capture the unique opportunities to strengthen U.S. and African trade and investment ties.

While the U.S. has several options to consider, companies and African countries have made it clear that the lack of clarity about the future direction of U.S. policy is becoming a significant barrier to attracting new investment. It makes little sense for companies to invest in projects to utilize AGOA access if that will end in less than four years. The lack of clarity about whether the U.S. will extend AGOA could also undercut incentives African countries have to negotiate an FTA or other reciprocal agreement with the U.S.

There is another reason for urgency about this, as several of our competitors are ahead of us in terms of developing their potential for two-way trade and investment with Africa. Europe, in particular, has concluded Economic Partnership Agreements with most of the continent, including Regional Economic Communities. Kenya has very recently concluded a trade agreement with the UK and other Africans are in the process of doing the same. And the advanced of African countries (like Mauritius) have concluded reciprocal trade agreements with a range of countries including China, the European Union, EFTA, and Mercosur countries. The faster the U.S. can clarify its intentions, the faster we can increase our engagement and realize the opportunities for both American and African companies.

Doing so would also help get more allies involved, including trade associations and private sector groups. In many ways, a clearer strategy for a trade and investment partnership with Africa is the best way for the U.S. Government and Congress to support U.S. companies as they compete with a growing range of international rivals.

CCA looks forward to the opportunity to work with the Members here today and many others – both Senate and House and on both sides of the aisle – to develop the kind of multi-faceted approach that will grow and enhance the U.S.-Africa economic relationship.

Thanks for the opportunity to speak to you today at this hearing and I look forward to answering any questions.