



Africa: An Emerging Strategic Partner

Todd Moss, Deputy Assistant Secretary of State for African Affairs

The Baltimore Council on Foreign Affairs
Baltimore, Maryland
March 5, 2008

As prepared for delivery

Baltimore & Africa

It is a pleasure to be in Baltimore with you today. As one of America's major ports and industrial centers, Baltimore is an ideal place to talk to about the growing opportunities for US business in Africa, and the growing importance of Africa to US global strategic interests.

Baltimore's links with Africa go back centuries. Baltimore and its ships were central to the settlement of Liberia. In 1834, the Maryland State Colonization Society established a settlement that was called the Republic of Maryland; this settlement soon joined the Republic of Liberia, and today retains the distinctive name of Maryland County – the southernmost part of Liberia.

Baltimore's oldest Sister City relationship is with Gbarnga, Liberia. This link survived the long civil war in Liberia and has revived with your strong support. In June last year, Gbarnga's Mayor Esther Coaline-Warmley and four members of the Liberian House of Representatives visited Baltimore; among other activities, they met with Mayor Sheila Dixon.

I was happy to learn that McCormick & Co. is a sponsor of the Baltimore Council on Foreign Affairs. McCormick has a long-time presence in Madagascar and surrounding islands, where it is a major buyer of vanilla and cloves.

The Port of Baltimore, another sponsor of the Council on Foreign Affairs, also has direct Africa links. The Grimaldi/Atlantic Container Line now offers direct freighter service to the West African countries of Benin, Togo, Nigeria, and Senegal.

As Baltimore and Africa share deep and historical links, I am happy to talk to you this evening about U.S. Africa policy and our growing engagement with the continent.

African trends

Ghana, Africa's first nation to win its freedom from Europe, recently celebrated its 50th anniversary of independence. This is both cause for reflection on the past half-century and a reminder of how young African nations are.

I should also note that this year is the 50th anniversary of the State Department's Bureau of African Affairs, created by President Eisenhower.

Despite what seems like a deluge of bad news and crises, the past few years have been a great time for Africa.

In the past seven years we have seen the end of seven major conflicts: in the Democratic Republic of Congo, Sierra Leone, Liberia, Cote d'Ivoire, North-South Sudan, Ethiopia-Eritrea, and Angola. We are on the verge of a peace deal in northern Uganda.

Although conflicts are still ongoing in Darfur and Chad, and the current peace is fragile in several other places, the trend in Africa is toward the resolution of conflict.

More importantly, the capacity of African nations to deal with conflicts has risen dramatically. African peacekeepers are increasingly active not only in Africa but around the world.

Democracy is also on the rise. In the past four years alone, there have been more than 50 democratic elections in Africa. Almost three-quarters of Sub-Saharan nations are now classified by Freedom House as "Free" or "Partly Free", up from less than half in 1990.

It is worth remembering that even as progress has been remarkable, democracy is not linear – it is a long and often bumpy process. Democracy is about much more than elections, although credible polls are a critical element. Elections, especially when they are not credible, can of course be a source of tension and instability, as we saw in Nigeria last year, in the current political crisis in Kenya, and probably will see in Zimbabwe after it votes later this month.

Most starkly, Africa is going through a very real economic resurgence. Economic growth is estimated at around 6.5% last year, the highest in memory, while inflation is in the single digits. High growth and low inflation are projected to continue this year despite a global economic slowdown.

This success is not just in oil countries: about two dozen sub-Saharan African nations are enjoying real growth rates in excess of 5%. Only one nation – Zimbabwe – is really going backward quickly, a direct result of President Mugabe's scorched earth policy of clinging to power at any cost. That sad nation is entering its ninth consecutive year of a shrinking economy, and inflation is now well over 100,000%.

The striking thing about Africa today is really its massive economic potential. After half a century of very low growth, combined with the colonial legacy which chopped up the continent into so many small countries, the economies of Africa are still tiny: Baltimore's economy is about ten times the size of Ghana's, and more than twice the size of Nigeria's. Only South Africa is larger, and not by much.

The positive economic picture we now see in Africa is being driven by a host of factors, including a boom in commodity prices. But economic reforms inside Africa are also a big part. Macro-economic reforms undertaken over the past decade, with international assistance and encouragement, have brought down inflation and improved the investment climate. Countries are now turning to micro-reforms to make it easier to open, operate, and grow small businesses – the true engine for turning poor countries into rich ones.

We are also seeing growing foreign investment in Africa. This is obviously led by oil, gas, and mining, but there are exciting trends in other sectors, such as telecommunications, agribusiness, and business services. Countries such as Ghana are starting to build specialized back office services like India has done so successfully. We are also seeing more interest from private equity firms, hedge funds, and other non-traditional investors that bode well for Africa's economic integration

into global financial and business networks. Indicative of this interest, Africa was recently featured on the cover of *Businessweek* for the first time ever.

Another very encouraging trend is the returning of African professionals. Bankers who have gotten experience in New York and London are now going back and setting up their own investment firms and banks. We can see this clearly in the banking boom in places like Nigeria and Ghana.

Africa is clearly on a positive trajectory in terms of conflict, democracy, and economic prosperity. But all of these are extremely fragile. 2007 was one of the best years in recent memory for the continent. 2008 is starting with some rough patches.

US re-engagement

To encourage more success and contain the problems, the US is very actively re-engaging with the continent. History will, I believe, show our policy toward Africa as a shining legacy of the Bush administration.

After the end of the Cold War, Africa was somewhat lost in the reshuffle of US foreign policy. Without an overarching reason to stay involved in Africa, our interest waned. The tragedy of Mogadishu in October 1993 made US officials reluctant to get too involved, and partly enabled us to stand on the sidelines during the Rwanda genocide the following year - a low point in US-Africa relations. Without a guiding rationale, US aid to Africa plunged in the mid 1990s.

I think to many people's surprise, Africa has been one of the centerpieces of this administration's foreign policy. As many of you know the President and Mrs. Bush recently returned from a 5-country visit to Africa, his second trip to the continent and the First Lady's fifth. These trips are more than good PR. They are reflective of US policy which has been increasing almost every aspect of our engagement with the continent.

At the most basic level, we are solidifying our presence on the continent. We have 45 active embassies in sub-Saharan Africa, including 16 new compounds built since 2001. Five new embassy compounds are under construction right now, and 21 more are planned to start within the next 6 years. This investment will pay dividends in the future by allowing us to have eyes and ears on the ground, and be able to robustly engage with our African partners for generations to come. It is also a symbol of America's long term commitment.

The administration has also taken the lead on securing debt relief, accelerating development assistance, and boosting trade and investment. In so doing we are meeting our commitments made at the UN and G8 - and laying a foundation for the next administration.

We pushed for and secured the Multilateral Debt Relief Initiative. Bobby Pittman, who many of you now know as the President's lead Africa advisor at the National Security Council, was the architect of the debt relief plan when he was at the US Treasury. This was the 3rd phase of HIPC or the Heavily Indebted Poor Countries Initiative. This step enabled 100% debt relief from the multilateral financial agencies for the poorest countries. It has so far reduced \$34 billion in debt for 19 African countries so far and could eventually help a total of 33 countries.

Our aid budget has also skyrocketed. Total US assistance to Africa more than doubled between 2001 and 2004, reaching \$4.4 bn that year. We then pledged at the G8 to double it again by 2010, and we are now well on track to meet that promise. These increases have been the result of the President's demands that we meet both the humanitarian and strategic interests of the United States.

But it is not really about spending more money. It is about matching resources to our foreign policy goals, making wise investments, and creating the right incentives for the future. This is why the administration has launched a series of innovative and ambitious new programs to fight poverty and disease and to promote economic prosperity.

One example is the Millennium Challenge Account which embodies many of these principles and ideas. The MCC was launched as a new model to support governments that rule justly, invest in their own people, and encourage economic freedom. So far, the MCC has signed 8 compacts with African countries worth more than \$3 billion. I'll talk about a few of the other programs in a minute.

There has also been progress in promoting trade and investment, although we are deeply disappointed with the failure so far to secure a global trade agreement in the Doha round of the WTO.

Pillars of US engagement with Africa

The broad priorities and main themes of U.S. Africa policy are to:

1. support the spread of political freedom and strengthen democracies
2. reinforce African initiatives to end conflict and fight terror
3. address the unique challenges of HIV/AIDS, TB, and Malaria
4. expand economic opportunity and growth

On good governance, the US supports the spread of political freedom and seeks to strengthen young democracies. We do this through active diplomatic engagement, technical assistance to electoral bodies, and by working with local institutions to help build the transparency and accountability that are necessary for democracy to deliver on the great expectations of Africans.

Our emphasis on security in Africa has been to use our diplomatic muscle to help end conflicts and to support regional peacekeeping and peacemaking efforts. Since 2005, the United States has trained over 39,000 African peacekeepers in 20 countries.

These efforts also pay dividends greater than they first appear. By helping to professionalize and equip African militaries, we gain invaluable partners to help us deal with a range of transnational threats, such as the crime, arms trafficking, and narcotics.

Without being alarmist, there is a very real threat of terrorism in Africa. The bombings of the US embassies in Nairobi and Dar es Salaam were unfortunately not anomalies. In 2006, the Algerian-based terror group GSPC announced it was now part of al Qaeda. AQIM, or Al Qaeda in the Islamic Magreb, is still small but very active. Its attacks have mainly been in Algeria, but it is increasingly operating in other countries, including recruitment and targeting Western interests and people. There are also copycat groups such as the Nigerian Taliban which are potential threats to our partners and to our interests.

Islam in Africa has traditionally been very open, tolerant, and moderate. The vast majority of Africans reject extremism in the region. But many African countries need support to increase their capacity to deny terrorists potential safe-havens, recruits, and financing.

The Trans-Sahara Counterterrorism Partnership (TSCTP) mobilizes USG resources from a variety of sources, including State, DOD, and USAID, to help partners in West Africa improve their ability to safeguard borders and deny operating space for terrorists, address underlying conditions that can produce extremism, particularly among the young, and discredit extremist ideology. We are developing a similar interagency model in East Africa.

Investing in people is where President Bush is personally the most passionate. In 2003 he launched the President's Emergency Plan for AIDS Relief or PEPFAR,

committing \$15 billion over five years to combat global HIV/AIDS. PEPFAR is the largest international health initiative in history to fight a single disease. Through this program, the U.S. is partnering with local African communities and organizations, to support HIV/AIDS treatment, care, and prevention activities. Today, PEPFAR is supporting life-saving anti-retroviral treatment for over 1.3 million people in Sub-Saharan Africa alone. Last May President Bush proposed to double PEPFAR and provide an additional \$30 billion over the next five years. Congress has indicated they may do even more.

The number 1 killer in Africa is not AIDS, not war, but malaria. In 2005 the President's Malaria Initiative committed \$1.2 billion over five years to reduce malaria deaths by 50 percent in 15 target African countries. The initiative has already reached 25 million people in Africa. On the island of Zanzibar, with US help to deliver bednets, indoor spraying, and medicine, the malaria infection rate has dropped from about 20% to almost zero.

During his recent trip, the President also announced a new \$350 million commitment to tackle seven so called "Neglected Tropical Diseases" such as river blindness and hookworm. He called on other donors to pitch in to reach \$1bn.

Promoting economic prosperity is the final pillar of US policy in Africa. This underlies everything – if the next 50 years are going to be better than the last then the continent has to grow quickly. It has to create jobs and generate wealth. And for democracy to thrive, African economies need to create a vibrant middle class.

In addition to aid, US-Africa trade has expanded. The very successful African Growth and Opportunity Act began under President Clinton. Thirty-nine countries are now AGOA eligible and over 4,000 product lines are covered, accounting for 98% of African goods that enter the US.

Two way trade between Africa and US now totals over \$71 billion, thanks in part to AGOA. It is not just oil; non-oil imports from Africa have risen on average 18% per year since 2001. This is positive, but market entry is really only a small part of Africa's trade problem. Africa's share of global trade fell from 4% a generation ago to just 1.5% today.

The key to turning that around is unleashing the tremendous energy of Africa's own private sector. In fact, getting the private sector going is the key to turning Africa from a region of mostly poor people to one that provides real economic opportunities. The US is working with our international partners to improve access to capital, make a more friendly business climate, and build entrepreneurial skills.

There are several exciting initiatives in private investment, especially from OPIC. I'll mention these in a minute. We have also seen Africa, as a result of debt relief combined with much better economic management, start to return to global capital markets. Some of this has also been helped by US technical assistance, such as a US Treasury advisor who played a key role in Ghana's recent \$750m Eurobond issuance.

Private sector barriers too often are problems in the public sector. We have programs to help reform business regulation to make it easier to open, operate and grow businesses. We are active participants in efforts, often with the World Bank and other partners, to encourage better economic management, such as budget transparency or industry-specific initiatives, such as the Kimberley Process to squeeze conflict diamonds out of the market or EITI which works to ensure that the benefits of oil wealth are more widely shared.

Here we have seen some great strides in a short period. Nigeria in particular has saved its oil windfall, bought back its debt, returned to the capital markets, and is now experiencing a real economic boom. Liberia is also a success here with its top rate financial and budget management. One of Africa's poorest countries is showing the rest of the continent how to do it right.

Before I move to the last section of my talk, I want to highlight one often unsung US government agency that is doing some very innovative things. OPIC, or the Overseas Private Investment Corporation, is doing some wonderful new work in Africa.

In addition to its traditional line of business of providing risk insurance for American companies investing in developing countries, OPIC sets up targeted funds. These funds leverage OPIC's credit lines and the weight of the US government to provide seed capital to new markets, to diversify vehicles, and to help develop local capital markets. Last year OPIC mobilized \$750 million through 3 new Africa-focused private equity funds, including ones that target infrastructure and housing. Last month, OPIC announced five new funds with a target capitalization of \$875 million to invest in private health care, property, technology, bond markets, and SMEs. In addition, OPIC set up the Liberia Enterprise Fund. Working with Bob Johnson, it will provide \$30 million in SME finance for that nation's fragile recovery.

I will take questions about specific countries and issues at the end, but let me try to preempt a few of those.

Kenya

The violence that followed the flawed election in Kenya shook not just Africa, but the world. Kenya had been stable, a responsible regional leader, and increasingly prosperous. During the crisis, the international community, including the AU, made clear that national reconciliation had to take place.

From the outset of the crisis, the US has been actively engaged. Assistant Secretary of State for African Affairs Jendayi Frazer was almost immediately in Nairobi and spent ten days there shuttling between the parties, laying the groundwork for an eventual settlement. Secretary of State Rice broke off from President Bush's recent trip to Africa to underscore the American support for reconciliation.

We are pleased that last week former U.N. Secretary General Kofi Annan announced a power-sharing agreement between President Kibaki and opposition leader Raila Odinga. The key to this agreement will be its implementation. The two leaders still must convince their supporters to refrain from violence and accept the basis of shared power. In that vein, the U.S. is committed to contribute to the agreement by remaining deeply engaged and funding democratization and rule of law programs.

Darfur

In Sudan, our primary goal is to see a peaceful end to the crisis in Darfur. We have spent over \$4 billion on humanitarian, peacekeeping, development and reconstruction assistance since 2005 to help the people of Sudan. In order to secure peace, we are pushing for the rapid deployment of the UNAMID peacekeeping force, for which the U.S. will pay about one quarter of the costs. When fully deployed, U.N. peacekeepers will number 26,000 – the largest peacekeeping force in UN history.

We expect the peacekeepers to provide security for the people of Darfur, and we're insisting the Sudanese government end all impediments to the peacekeepers' rapid deployment. But Darfur will not be solved militarily: there must be a politically negotiated peace settlement between the rebels and the Government. We're backing efforts of the UN and AU special envoys to help broker this peace.

Finally, Darfur is only part of the Sudan equation. We must also keep the focus on southern Sudan, and the implementation of the Comprehensive Peace Agreement (CPA) which ended 21 years of civil war between the North and the South. Signed three years ago, the CPA, which calls for national elections in 2009, among other things, provides a realistic framework for a democratic, peaceful Sudan.

AFRICOM

Let me say a word about the Pentagon's new Africa Command, since it has generated significant and mixed reactions. Despite all the noise, there is really very little new here. The U.S. has always provided humanitarian, disaster, and technical assistance in a range of areas, particularly peace-keeping, when asked by African nations to do so. What is happening today with AFRICOM is a restructuring of DOD assistance under one roof as opposed to three. Instead of Africa being the second thought of three

different regional combatant commanders, it is now the number one priority for a single commander. That is now General Kip Ward.

AFRICOM is unique in one way: much of the staff comes from non-defense agencies. One of General Ward's two deputies is a career State Department official. Many of you know Mary Carlin Yates, our former Ambassador in Ghana.

No decisions have been made on AFRICOM's location, the issue that has unfortunately gotten the most public attention. For the foreseeable future, it will remain in Stuttgart, Germany.

One last point on AFRICOM: it is a command, not a military base. It comes with no new troops and is more likely to look like an office building than a naval base. The US has no plans for deploying US troops in Africa beyond the current Joint Task Force in Djibouti.

Liberia

I started by talking about Baltimore's links to Liberia, so let me end there.

The United States' historical and cultural ties to Liberia are stronger and deeper than with any other country in Africa. But Liberia's importance to the United States goes beyond this historical legacy. Our central role in ending Liberia's civil war in 2003 and shaping its post-conflict recovery is an example of unprecedented U.S. engagement on African security and stability. It is a major piece of the positive legacy we are creating on the African continent. We have devoted over \$750 million to Liberia since 2004 and we will continue our support. Our development program stresses good governance and anti-corruption efforts so that Liberia's government works for the benefit of the Liberian people, not for the enrichment of corrupt officials. We are investing in essential education and health services, and rebuilding Liberia's army and police from scratch.

I draw two main lessons from our success in Liberia so far. First, there has been very broad bipartisan support for helping Liberia recover. The support on Capitol Hill has been remarkable, and I am optimistic that it will continue well into the future.

Second--and here is where Liberia's success could have major implications across the continent--is that we have a reliable partner in President Ellen Johnson Sirleaf. She has shown tremendous personal courage and great leadership in helping to get Liberia back on track.

Thank you for asking me here today to talk about Africa and US policy. I hope I have highlighted how Washington thinks about Africa, our interests there, and how we need to engage with the continent for the 21st Century. I am happy to take questions now.

Released on March 18, 2008

 [BACK TO TOP](#)

Published by the U.S. Department of State Website at <http://www.state.gov> maintained by the Bureau of Public Affairs.