

# ■ Building Partnerships

Conference Showcases U.S.-African Commercial Relations

by Robert Telchin

*Office of Africa, Market Access and Compliance*

Ten years ago, the world knew the tiny nation of Equatorial Guinea for two reasons: as the only Spanish-speaking country on the African continent, and as the producer of sea turtle stamps favored by collectors. For decades, Equatorial Guinea was one of the poorest nations on Earth. The country's dictator, in power until 1979, killed or banished more than a third of the population. Residents were so shut off from the rest of the world that they would greet the one weekly international flight to query disembarking passengers about the outside world.

Today, Equatorial Guinea is known largely for having the world's fastest-growing economy. The country is still far from problem-free, even when compared with neighboring countries. But it produces about one barrel of oil per day for every 1.25 people, a higher ratio than any other country except Qatar, Kuwait, and the United Arab Emirates, and foreign companies are now arriving from all over the world. American investment is estimated at more than \$5 billion, and the country is now one of the largest destinations in Africa for U.S. exports, mostly in oil and gas-related equipment. The country is far better positioned to fund new schools, health care facilities, and

other projects that can improve the standard of living.

## ■ GRADUAL ECONOMIC DEVELOPMENT

Equatorial Guinea's experience is, to some extent, a snapshot of the entire African continent. Largely overlooked and greatly misunderstood by international businesspeople, Africa is finally rising from decades of hardship. President George W. Bush witnessed this firsthand during his five-country tour of the continent in July. Economic growth in Africa, more than 4 percent in 2001, was greater than any other developing region. Some of the biggest emerging market successes can be found in countries such as Senegal, Mozambique, Botswana, and Mauritius. Africa has never suffered from lack of natural or cultural wealth. The challenge has been conceiving ways to effectively channel resources into tangible success stories.

Anyone who attended the U.S.-Africa Business Summit in Washington, D.C., June 24–27, 2003, observed that this is beginning to happen. Most of the United States still undoubtedly views Africa as a place of dejection and despair, but such a perception was lost on the summit's nearly 2,000 participants—they were simply too busy arranging deals and doing business.

Held once every two years by the Corporate Council on Africa (CCA), the summit is the premier gathering of U.S.

and African decision-makers.

Attendees this year included approximately 15 heads of state or heads of government, including President Bush, Secretary of Commerce Donald Evans, and Secretary of State Colin Powell. Other senior Commerce Department officials, including Under Secretary Grant Aldonas, Assistant Secretary for Trade Development Linda Conlin, Minority Business Development Agency National Director Ronald Langston, and Deputy Assistant Secretary for Africa Molly Williamson, played major roles, from speaking at sessions to helping generate business linkages.

## ■ TRADE WITH AFRICA

U.S. trade with sub-Saharan Africa, roughly \$25 billion in 2002, is still small in volume and highly concentrated in the energy sector and passenger aircraft sales. But American exports to and investments in Africa are rapidly



diversifying, and there are far more resources available for small and medium-sized American companies to do business in Africa than even just a few years ago. The continent is constructing new airports, building roads, and revamping telecommunications systems. It is doing a great deal to enhance its Internet and IT capabilities. It is also slowly privatizing many of its state-run industries.

Foreign companies are, for the first time, approaching the continent's more than 600 million people as a legitimate market segment that cannot be ignored. And there are huge export opportunities for everything from refurbished construction equipment and frozen chicken to beauty products and solar lighting.

On the import side, the African Growth and Opportunity Act (AGOA) is offering 38 sub-Saharan African countries the most liberal access to the U.S. market available to any country or region that does not have a free trade agreement with the United States. In 2002, AGOA imports increased 10 percent to \$9 billion. Textile and apparel imports were \$803 million in 2002, more than double the 2001 figure.

In June, the United States and the five member countries of the Southern African Customs Union—Botswana, Lesotho, Namibia, South Africa, and Swaziland—launched negotiations toward a free trade agreement in Pretoria, South Africa. Such an agreement would give the United States preferential access to its largest export market in sub-Saharan Africa—worth more than \$2.5 billion in 2002.

The most important part of the U.S.-Africa Business Summit was arguably its private sector participants, who ranged from entrepreneurial shea butter producers from Mali and Rwandan apparel factory owners to Microsoft and General Motors executives. All across Africa, there are terrific commercial success stories. Affiliated Computer

Services (ACS), of Dallas, Texas, digitally processes health care claim forms for Aetna at a facility in Accra, Ghana. This arrangement has been so successful that ACS recently doubled its employees in Ghana from 1,000 to 2,000 people. Philadelphia-based FMC Biopolymer, the chemical unit of FMC Corporation, helps to employ thousands in coastal village communities in Tanzania, Mozambique, and Madagascar to collect and grow seaweed. FMC uses this “farmed” seaweed to manufacture a food-grade polysaccharide used as a gelling medium in consumer products such as toothpaste, pet food, and ice cream.

Largely because of AGOA, most of the 3-Series BMWs in the United States are manufactured at a facility in Rosslyn, South Africa. Dynamic Commodities, of Port Elizabeth, South Africa, is selling its Island Way brand fruit sorbet, duty-free, in 7-Eleven stores throughout the United States. Since October 2001, the Overseas Private Investment Corporation has approved more than three-quarters of a billion dollars for projects involving U.S. commercial ventures in sub-Saharan Africa.

### OBSTACLES AND CHALLENGES

Vast obstacles still exist for the continent. No other people have to make more difficult decisions on such a routine basis. And perhaps no challenge is greater than sub-Saharan Africa's HIV/AIDS pandemic. On the continent today, approximately 30 million people have the AIDS virus, including 3 million children under the age of 15. In several African countries, more than one-third of the adult population carries the infection. Each year, 3 million people die from AIDS-related causes, and every day in Africa 8,000 families lose a loved one to AIDS. These figures are the reason why President Bush placed so much attention on the disease during his tour of Africa. They were also the impetus behind the signing of the HIV/AIDS Act, which provides \$15 billion over the next five years to fight AIDS around the world.

These figures are also why the U.S. Department of Commerce is focusing resources on the pandemic in Africa. The department is in the process of working with U.S. pharmaceutical companies as well as firms from other industries to encourage public-private partnerships that address global health care infrastructure problems in developing countries. As a follow-up to the health care infrastructure session it held at the January AGOA forum in Mauritius, the Commerce Department organized three workshops devoted to health care and HIV/AIDS at the June CCA Summit. It will also convene an industry forum on HIV/AIDS this fall.

### BUILDING PARTNERSHIPS

And while multinationals have been the most visible face of the private sector in fighting the pandemic, there are opportunities for American companies of all shapes and sizes. As an example, ResourclinC.com, a Philadelphia-based minority business enterprise, was recently selected by the U.S. Department of Defense to deliver HIV/AIDS education to the Defense Force of Botswana. ResourclinC was so successful it was asked to replicate the program for the Defense Force of Malawi.

In fact, the entire theme of the U.S.-Africa Business Summit was “Building Partnerships.” As many of the African heads of state affirmed during the summit, long-term economic development cannot occur until the international community views African countries as legitimate counterparts. One of the week's best-received lines came during the summit's closing speech, from President of Sao Tome and Principe Fradique de Menezes, who asserted that partnerships go both ways: “To turn a phrase of John F. Kennedy, we should not only ask what America can do for us, but what we can do for America.” ■