



**Remarks by David A. Sampson
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[Text As Prepared for Delivery.]**

Thank you for that kind introduction, and good afternoon to all of you. On behalf of President Bush and the U.S. Department of Commerce I'm delighted to be here today to kickoff this meeting on ways that African entrepreneurs can raise capital, which I believe is one of the most important goals we'll be working on this week.

I want to thank the private sector steering committee for organizing today's forum. And I want to give a special welcome to the businessmen and women who are here. You are the key growth engine for social and economic development and the ones who will take the results of our discussions and put them to work in your businesses and communities.

We're meeting at a truly remarkable time. There is great hope in the battle against poverty in Africa. Who would have thought as recently as a year ago that President Bush and the other G8 leaders would be in agreement that ending global poverty is at the top of their agenda?

And who would have thought that super rock stars like Bono, Paul McCartney and Madonna would team up with Pope Benedict XVI ... Bill Gates (the richest man in the world) ... and Nelson Mandela ... and would all be in agreement with the G8 leaders?

As we all know that did happen just a few days ago. They all agreed on working to "Make Poverty History."

And while they may have differed on some of the details, they all clearly acknowledged that the world today is interdependent ... that poverty in Africa ...or anywhere in the developing world ... affects everybody, all six billion of us.

What Africa needs today is new thinking by all nations and new policies that produce results. We need to move beyond good intentions and symbolic gestures. And we need, as President Bush says, partnership, not paternalism.

I've been in economic development for most of my life ... first as the head of economic development in Arlington, Texas ... then for the state of Texas ... and most recently as the Assistant Secretary for Economic Development at the Commerce Department.

One thing I learned is that economic development is something that communities must take personal responsibility for. They may get outside assistance. But local leaders must drive toward execution in partnership with private businesses, other government entities, educational institutions, and other so-called “bridging organizations” within civil society.

A recent cover for The Economist news weekly may have said it best. Some of you may have seen it. The cover had a close-up of two hands reaching out to one another ... two African hands ... and the headline: “Helping Africa to help itself.”

That’s why we’re here today, and it’s what AGOA is all about: working with African partners to develop their economies by opening markets and empowering African entrepreneurs. It is the private sector, the entrepreneurs, that create wealth, not the government.

The role of government is to create the conditions for wealth creation to take place: conditions like respect for rule of law and property rights, and open markets where companies can compete free of undue government restriction or the odious burden of corruption.

Let me emphasize: government does not create wealth, entrepreneurs do. Government can assist private businesses by ensuring conditions of transparency, creating proper infrastructure, and defending the rule of law, but it is the entrepreneurs who must drive economic prosperity.

We had to learn this the hard way. The United States hasn’t always been a wealthy country.

Like most countries in Africa, we had a hardy and entrepreneurial spirit. But in the early days, the United States wasn’t so united. We had to cope with squatters and armed gangs, competing local currencies, conflicting commercial rules. Our land system was broken. That stymied capital formation until the Homestead Act of 1862.

The economist Hernando de Soto says: “To a Third Worlder like me, this picture of the gringo past is astonishingly familiar.” This is why Africa must reform. That is why efforts like the Millennium Challenge Account compact with Madagascar on land registration is so essential: The legal infrastructure of a country can provide the tools to capitalize the poor and spread wealth.

At the U.S. Commerce Department, we’re helping with these kinds of reforms. Our Commercial Law Development Program works with governments to help them develop their legal infrastructures. We also want to see entrepreneurs succeed. To that end, we just allowed Senegal ... Mozambique ... and Tanzania to sell handmade textiles and folk art to the U.S. duty-free. This so-called “Category 9” treatment just might be the best-kept secret in AGOA because it offers African entrepreneurs a clear comparative advantage, an advantage they can use in raising capital and seeking investment partners.

On top of that, tomorrow we’re officially opening a new commercial office here in Dakar to help U.S. companies develop business relationships with local firms throughout Western Africa. (I hope you can join us for the ribbon-cutting!)

We also have offices in South Africa, Kenya, Ghana, Nigeria, and Cote d’Ivoire with some 50 trade experts now stationed in Africa.

Most of the businesses we assist are small businesses. You might ask: Why worry about the small fish in an economy as large as ours?

Well, in America the small fish play a very large role. Ninety-nine point seven percent of our businesses are small businesses. They create some 75 percent of net new jobs. They employ 50 percent of the private work force. And they account for 41 percent of total private sales. Those are big numbers. And can mean big profits if more of our small firms team up with more African entrepreneurs. A great way to make this happen is by tapping the full potential of the AGOA program.

It puts emphasis on trade in newer and more dynamic sectors. For example, entrepreneurs from Swaziland who are exporting canned pineapples and wax candles to the United States; Mozambicans who just began exporting frozen seafood; and in one particularly innovative deal, a textile manufacturer in North Carolina who is sending tube socks for finishing in Ghana and then re-exporting them back to the U.S.

As Africans trade more with Americans, they're likely to trade more among themselves. We're already seeing increased regional trade. In fact, Kenya now exports more to African partners than it does to the European Union.

How can we build on these very positive trends? As all of you know, it is not going to be easy. Let's not be naïve. The United States didn't become the world's leading economy overnight. But we are now, and we want to work with you.

To do that, I firmly believe that African nations must first make AGOA a priority. There is clear evidence that those who studied the bill and promoted it are gaining the most. Some countries have created their own AGOA websites. Others have established special task forces across government ministries.

An immediate and pressing task is identifying companies who are ready to export under AGOA. We must work closely with these businesses, and encourage more to join their ranks.

And we have to tackle obstacles that limit capacity to trade: regulatory barriers ... transportation bottlenecks ... moribund customs rules. In short, there needs to be a pro-business, pro-growth market climate. This will require the support of African governments and donor nations.

In closing, let me say that I'm optimistic about Africa's future. We see the most support in a generation from the industrialized world. Economic growth is at the highest level in eight years. Leaders have emerged from South Africa to Nigeria to Kenya to bring old conflicts to an end. Last year we saw five nations south of the Sahara hold democratic elections.

AGOA trade incentives have helped create tens of thousands of new jobs in Africa, and attract hundreds of millions of dollars in new investment, while two-way trade between the U.S. and sub-Saharan Africa has risen substantially, topping \$44 billion last year.

I believe this progress will continue, and that you will make a major contribution in your work today and throughout this forum. And I know that President Bush and all Americans will remain committed to helping African nations achieve greater prosperity, and reduce poverty in the years ahead.

Thank you very much.