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Welcome Ministers and Ambassadors, U.S. government officials, and representatives of the private sector and civil society.

Today's discussion on "improving the investment climate and expanding trade" is perfectly timed. Later this week, I will be headed to Geneva for a mini-ministerial for the WTO's Doha Round, and expanding trade and investment – including among developing countries – will be an important part of those discussions.

We need to be keenly aware of the important link between an ambitious Doha Round and an improved investment climate in sub-Saharan Africa.

Many of your countries have already witnessed how increased market access can result in additional investment. Specifically, the increased market access to the United States offered by AGOA has made some of your countries significantly more attractive to investors.

With that in mind, just think about the potential results of new market access that could be gained from Doha. And think about how investors will view the new opportunities created in Africa as a result of new market access to the fast growing markets of China, India and Brazil.

At the same time, we need to recognize that trade liberalization goes hand-in-hand with domestic reforms.

Studies show that open markets are linked to key macroeconomic and governance policies that enhance growth and create an environment conducive to investment.

According to the World Bank, the annual income gain to developing countries from the elimination of trade barriers for goods alone is $142 billion – and that's a conservative estimate. What's even more interesting is that this amount exceeds the foreign economic assistance from the G-7 countries plus debt relief.

In addition, IMF studies show that the lowering of barriers by developing countries is essential if sub-Saharan Africa is to realize substantial gains from the Doha Round. The hard data shows that 31 percent of current sub-Saharan African exports are currently to other developing countries.

Therefore, concluding an ambitious Doha Agreement with additional market access and new trade flows will make Sub-Saharan Africa much more attractive for investment.

In addition to market access for goods, liberalization of services – express delivery services, reliable communications, financial services, transportation services and others – will provide the infrastructure that modern economies will need to attract investors.

Trade in services is important, not only because it creates jobs and supports growth, but improved access to services also helps manufacturing and agriculture industries by reducing production costs, enhancing productivity gains, and facilitating product distribution – all of which are critical for attracting and sustaining investment.

Africa's greater participation in, and benefits from, global trade depend on a strong WTO that advances market-opening tariff elimination that stimulates trade and investment, advances the rule of law, and promotes transparency.

With respect to U.S. government initiatives, I am proud to say that AGOA is creating economic opportunities and improving lives in Africa. However, while AGOA has enhanced trade between the United States and Africa, we haven't seen as much change as we would like in the diversification of U.S. investment in Africa.

Investment in Africa remains heavily concentrated in natural resources, such as oil and mining. We need to figure out how we can work together to increase and diversify investment flows to Africa.

Foreign direct investment flows in Africa are low compared to other areas of the globe, but they are rapidly growing. This FDI growth reflects the positive policy steps that these African nations have taken to open their economies to foreign investment.

For example, certain sectors such as telecommunications and banking are being liberalized; processes such as "one-stop-shopping" for investors are being improved and/or established and the time it takes to register a business is being reduced; and specialized investment zones or specific tax incentives geared towards investors are being established.

However, improvements in the investment climate need to be coupled with improvements in local capacities, especially in labor skills and technology, if you want to spur increases in FDI in the manufacturing sector over the longer-term. Specifically, we would like to see simplified regulatory barriers and more access to capital so African entrepreneurs are able to work with foreign investors more freely.

Yet, even as we work through these issues, we can see that strong global growth and rising commodity prices, coupled with economic and political reforms on the continent, are supporting relatively robust growth in sub-Saharan Africa.

And in the center of this has been AGOA, which is a key part of the Administration's trade and investment policy toward Sub-Saharan Africa.

Over the last eight years, AGOA has opened the U.S. market to almost all goods produced in AGOA-eligible countries and has helped to increase both the volume and diversity of U.S. trade with sub-Saharan Africa.

Since its inception in 2000, AGOA has helped increase U.S. two-way trade with sub-Saharan Africa. In 2007, U.S. exports to Sub-Saharan Africa totaled $14.4 billion, more than double the amount in 2001. U.S. total imports from the region more than tripled during this period to $67.4 billion.

By providing new market opportunities for African exports, especially of non-traditional and value-added products, AGOA has helped African firms to produce higher value products and become more competitive internationally.

We are particularly pleased that non-oil AGOA imports more than doubled, from $1.4 billion in 2001 to $3.4 billion in 2007. AGOA's primary focus has always been on export diversification; and AGOA has helped to foster sizeable export increases across a wide range of non-oil products – including apparel, chemical products, footwear, machinery, electronics, toys, sportswear, fruits, nuts, and cut flowers.
Our direct investment in sub-Saharan Africa reached almost $14 billion in 2006, more than 8 percent above our investment in 2005.

U.S. investors are increasingly exploring the many opportunities that the continent offers. According to UNCTAD the profitability of foreign companies in Africa has been consistently higher than in most other regions of the world. The average rate of return on FDI in Africa since 1990 is 29 percent.

While this investment is significant, we need to develop new strategies to diversify and increase investment in Africa, not only from the United States, but also from other trading partners. We also would like to see investment beyond the historical investments in the African petroleum, mining and mineral sectors.

We are pleased to see the start of some more diversified investments. For example, a few American companies invest in the African apparel sector, but we also see that investments from China, Mauritius, Malaysia and others have transformed the African apparel sector.

While these investments have faced significant challenges in the last few years, their positive impact on job creation and development over the past eight years of AGOA can't be ignored.

As might be expected, trade and investment have flowed to those countries which offer the most competitive and investor-friendly environments. Experience has shown that businesses and investors seek dependable, transparent, and open regulatory regimes, adequate infrastructure, and political and economic stability.

According to the World Bank's 2008 Doing Business Report, the implementation of critical reforms to support business and investment were uneven throughout Sub-Saharan Africa, with nearly half the countries not reforming at all.

Sub-Saharan Africa cannot afford to slow down the pace of economic reforms or fall behind other regions in providing an attractive business environment to investors.

The World Bank Doing Business Report for 2008 shows the pace of African reforms slowing down. In the regional rankings Africa fell from third place to fifth, overtaken by South Asia and by the Middle East and North Africa.

The top-ranked countries in Sub-Saharan Africa are Mauritius (27), South Africa (35), Namibia (43), Botswana (51), and Kenya (72). The rankings track indicators of the time and cost to meet government requirements in business start-up, operation, trade, taxation and closure.

The Doing Business Report noted that there is significant room for improvement for the sub-Saharan African region as a whole in the 10 areas studied by the Doing Business Report. I encourage each of you to examine that report closely, as many U.S. investors and businesspeople review it each year.

To further encourage and support U.S investment in Africa, President Bush announced in February that the Overseas Private Investment Corporation (OPIC) would support five new private equity investment funds, with a combined target capitalization of $875 million.

The OPIC funds are just one of many U.S. Government initiatives aimed at enhancing U.S. investment in Africa. You will be hearing much more about OPIC's investment funds and projects from OPIC President and CEO Robert Mosbacher later today. You'll also be hearing from the Ex-Im Bank, the Trade and Development Agency, and others regarding their programs.

I might also add that my government continues to look for ways to strengthen our partnership on investment in Africa. In February, President Bush signed a Bilateral Investment Treaty with Rwanda – one of six such agreements we have with African countries – and is exploring possible agreements with other countries in the region. On Wednesday, we are also signing a new Trade, Investment, and Development Cooperative Agreement with the Southern African Customs Union and a Trade and Investment Framework Agreement with the East African Community.

The bottom line is that the United States is committed to doing all it can to help African nations build their economies. But in the end, the success or failure of these efforts lies on the shoulders of the leaders of these countries.

Encouraging growth and development through increased private sector investment and trade is a proven and practical approach. We are all here today in the spirit of AGOA to strengthen the U.S.-African trade and investment relationship. To accomplish this, we must develop close partnerships between government, civil society, and the private sector.

U.S. firms have the capital, the technology, and the knowledge of global markets that African countries need to develop their economies. But African investors and African entrepreneurs are key to partnerships that could flourish under AGOA.

It is clear that most African governments are moving in the right direction and are eager to work with U.S. and other foreign investors to improve their business environments.

For our part in the U.S. Government, we will continue to work with all stakeholders to strengthen the U.S.-Africa trade and investment relationship and maximize the opportunities under AGOA.

Thank you, and I look forward to your questions in a few minutes.

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