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"Increasing American Jobs Through Greater Exports to Africa Act"

Africa, Global Health and Human Rights Subcommittee
Excerpts of Remarks by Chairman Chris Smith
April 17, 2012

Good afternoon. Today's hearing will examine U.S. policy toward American exports to Africa as a part of U.S.-Africa trade. The original African Growth and Opportunity Act, or AGOA, was intended to be mutually beneficial for both African and American entrepreneurs, but the focus of the three Administrations since its passage in 2000 has been on increasing African exports to the United States and the resultant job growth on the African continent.

This policy has neglected the job growth here in the United States that could be created through increasing U.S. exports to Africa. The purpose of the Increasing American Jobs Through Greater Exports to Africa Act of 2012, H.R. 4221, which I introduced together with Rep. Bobby Rush on March 20th, is to address this important component of U.S.-Africa trade by increasing U.S. exports to Africa by 200 percent over the next decade. This bill does not replace AGOA; it complements it by providing for a rebalancing that makes it beneficial to Americans as well as Africans. Senators Dick Durbin and John Boozman have introduced an identical version of the bill in the Senate – S. 2215.

The bill intends to achieve its ambitious, but achievable, goal by taking several steps, including the creation of a U.S.-Africa trade coordinator to ensure that all U.S. agencies involved in trade work in concert with one another. This legislation also calls for not less than 25% of available U.S. trade financing to be devoted to facilitating U.S.-Africa trade. Furthermore, it encourages the descendants of Africa in this country, who largely operate small and medium-sized businesses, to play a greater role in trade with the countries in Africa.

Small and medium enterprises in Africa and the United States have not benefited from AGOA to the extent that they could have or should have, and the bill addresses this deficit. U.S.

companies can benefit from an expanding African market of businesses and consumers, and increased American production will create new, sustainable jobs.

Some have expressed concern that such an expansion of U.S. exports to Africa could flood African markets and damage their economies. However, many of these U.S. exports, such as in the agriculture sector, will enable African producers to become more efficient and profitable and create jobs for their workers as well. In trade, the best situation is one of observing the principle of comparative advantage: countries sell what they make most efficiently and buy what another country makes most efficiently. In this way, both buyer and seller countries benefit from trade by meeting each other's needs.

According to the U.S. International Trade Administration, the United States is the world's largest importer of sub-Saharan African goods, receiving 20.2% of the region's total global exports. On the other hand, during the height of the global recession in 2008-2009, our exports to sub-Saharan Africa plummeted by 45% from $78.3 billion to $42.8 billion. As of the end of 2011, the United States sold nearly $20.3 billion worth of goods to sub-Saharan Africa, while purchasing more than $74 billion worth of goods. Consequently, we had a trade deficit with the nations of sub-Saharan Africa last year of nearly $54 billion.

The African Development Bank estimates that one out of three Africans is considered to be in the middle class – that's 314 million Africans who have escaped poverty and can now buy consumer goods, including those from the United States. In order to reduce our trade deficit with the nations of Africa, there is room to engage in trade that increases economic opportunity for Africans and Americans. We just haven't taken advantage of the opportunities that exist. The United States has over the last decade taken many steps to enhance U.S.-Africa trade. African governments have taken steps to encourage trans-Atlantic trade as well. Still, both sides can do better.

More exports help the economy grow because they typically boost factory production, which can fuel more hiring and lead to greater consumer spending. Fewer imports subtract less from growth, largely because consumers are spending less on overseas goods and services. H.R. 4221 would contribute to job growth in the United States by facilitating increased sales to the emerging markets of Africa.

The rest of the world understands how valuable the nations of Africa have become as economic markets. Last month, this subcommittee held a hearing on the role of China in Africa that not only pointed out China's designs on selling their goods to Africa countries, but also illustrated the economic interest in Africa shown by nations as far-flung as Brazil, Turkey and South Korea. We in the United States must join in the more equal two-way trade the rest of the world envisions for their commerce with Africa.

Our witnesses today will discuss current Administration policy toward U.S.-Africa trade, the U.S. business sector view on trade with Africa and examine the realities of doing business in Africa by both a current and a prospective enterprise on the continent.