WILL THERE BE AN AFRICAN ECONOMIC COMMUNITY?

HEARING

BEFORE THE

SUBCOMMITTEE ON AFRICA, GLOBAL HEALTH, GLOBAL HUMAN RIGHTS, AND INTERNATIONAL ORGANIZATIONS

OF THE

COMMITTEE ON FOREIGN AFFAIRS
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WILL THERE BE AN AFRICAN ECONOMIC COMMUNITY?

THURSDAY, JANUARY 9, 2014

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON AFRICA, GLOBAL HEALTH,
GLOBAL HUMAN RIGHTS, AND INTERNATIONAL ORGANIZATIONS,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:13 p.m., in room 2172, Rayburn House Office Building, Hon. Christopher H. Smith (chairman of the subcommittee) presiding.

Mr. SMITH. The subcommittee will come to order, and good afternoon.

The African Union, or AU, is in the midst of a long program to create an African economic community through the eventual merging of existing regional economic communities. U.S. policy is to support regional integration in Africa as is enhancing the success of U.S.-Africa trade by reducing trade barriers and creating larger markets. This hearing will examine the AU effort and its potential benefits for Africa as well as the United States.

A focal point in U.S.-Africa trade policy is the encouragement of integrated markets in Africa. It makes trade with Africa more efficient and beneficial for African businesspeople as well as governments. It is also more attractive for foreign investors.

The AU, a regional grouping of all countries except Morocco, was established in 2002 as the successor of the now-defunct Organization of African Unity, or the OAU. Its formation was largely motivated by OAU members' desire to more quickly achieve the goals of the 1991 African Economic Community Treaty, which was signed by some 51 heads of state. The treaty is intended to promote African regional economic integration and socioeconomic development through the planned creation of a common African market and shared political and economic institutions.

Make no mistake about it, this is a challenging goal. The example of the European Community demonstrates the difficulty even when involving developing nations. The current African nations were not created to collaborate with one another. Varying languages, conflicting legal and commercial systems, and often incompatible transportation infrastructures make this worthy goal a major challenge, and there are other obstacles that make this effort even more daunting.

Nevertheless, the eight recognized regional economic communities have a timetable to which they are generally adhering to with few exceptions. The Arab Maghreb Union, a trade agreement comprising Algeria, Libya, Mauritania, Morocco, and Tunisia, is inactive and frozen due to deep political and economic disagreements between Morocco and Algeria regarding, among other issues, the matter of Western Saharan independence. The Community of Sahel-Saharan States, comprising 28 countries across Africa's Sahel region, is finding regional integration difficult because of its members being part of other trade blocs that are more advanced in their integration.

Meanwhile, the Common Market for Eastern and Southern Africa, a free-trade area with 19 member states stretching from Libya to Swaziland, has agreed to an expanded free-trade zone and is also considering a common visa scheme to boost tourism.

The East African Community, an intergovernment organization comprising some five East African countries—Burundi, Kenya, Rwanda, Tanzania, and Uganda—signed a protocol just last year outlining their plans for launching a monetary union within 10 years.

The Economic Community of Central African States, which includes 10 countries across the middle of the continent, formed a customs union with a free-trade area between members and a common external tariff for imports from other countries as long ago as 1966.

The Economic Community of West African States, a regional group of 15 West African countries, is creating a single large trading bloc to an economic and trading union and serves as a peacekeeping force in the region, all despite operating officially with three coequal languages: French, English, and Portuguese.

The Intergovernmental Authority on Development is an eight-country trading bloc based in East Africa and has transformed from an executive group with a focus on development and environmental control to a larger structure as a regional economic community.

The Southern African Development Community began as an anti-apartheid coalition fighting for majority rule in South Africa in the 1970s, but since majority rule came to South Africa in 1994, it has become a traditional regional economic community and, like its West African counterpart, sometimes engages in peacekeeping operations.

By 2017, a free-trade union and customs union is supposed to be established in each regional economic community. The process is still stalled in North Africa and the Sahel, although there is progress elsewhere. This phase is now fully enforced in East Africa as well as West and Central Africa.

In today's hearing, we are looking for recommendations on what the regional economic communities and their member countries must do to fulfill the AU's ambitious agenda. We also want to examine what the U.S. Government, other donor governments, and international financial institutions can do to enhance their efforts in this regard. Ostensibly, this assistance has been ongoing for some time now. We want to find out more about these efforts and why they have not moved further ahead.

We have with us an extraordinary panel of experts who have observed regional integration in Africa and, in some cases, have worked to promote it, for more than a decade. We know what governments have said about the benefits of regional integration, and we have heard from the private sector about their preference for integrated markets. Today we want to hear from some who can provide and have provided the technical assistance necessary to make these goals a reality.

We in Congress are currently working on legislation to extend the Africa Growth and Opportunity Act, and integrated regional markets will only enhance the success of this trade process moving forward. We hope today's contributions will better inform us on how we can be more effectively engaged in regional integration and the expansion of African markets.

I now yield to my friend and colleague, Ms. Bass, the ranking member.

Ms. BASS. Well, thank you very much, Mr. Chair. And Happy New Year. And I want to thank you, as always, for your leadership in holding today's hearing, which is raising the question: Will be there an African economic community?

This is a very important question as it relates to Africa's economic development, and it is critical that we familiarize ourselves with the strategic roles played by the African Union, its Commission, member states, and individual regional economic communities regarding regional economic integration.

As early as 1991, the African Union addressed this issue by identifying regional economic integration as crucial to Africa's socioeconomic development, self-sufficiency, and financial prowess. The AU Commission's prioritization of this issue and the commitment of AU member states and the RECs to support this effort was underscored at the 50th summit of the AU last May, which I had the honor of attending.

Last September, in a keynote address at the Congressional Black Caucus' braintrust here in Washington, DC, AU chairperson Dr. Zuma emphasized the importance of regional economic integration and stressed that achieving this goal would be socioeconomically transformative for Africa. As a strong supporter of increased trade and investment between Africa and the U.S., a component of which is the reauthorization and strengthening of AGOA, I applaud the AU's objective of regional economic integration.

I believe the growth in business and investment between the U.S. and African private sectors is a win-win scenario which can ultimately expand the growing service sector and contribute to capacity-building on the continent. It can also develop an increasing customer base for U.S. business comprised of a growing African middle class, trends which develop and secure jobs in Africa and the U.S.

The U.S. Government initiatives, such as Power Africa, Trade Africa, AGOA, and Doing Business in Africa, help to build trade and investment partnerships between the U.S. and Africa by focusing increasingly on partnerships with the private sector, the involvement of civil society in Africa, as well as the diaspora community. Feed the Future contributes to developing Africa's agricultural sector and promoting food security. The success of the latter is particularly noteworthy this year, as the AU has identified 2014 as the year of agriculture and food security.

These government initiatives increasingly work on a whole-of-government basis and contribute to growth in key sectors of individual African countries and regions.

Over the past few years, we have witnessed increased AU member states' commitment to the greater goal of intra-African trade, promoted by the realization that old barriers to trade must be eradicated in favor of less complicated commerce-enhancing alternatives. We have also seen several African countries identified by the international financial institutions as having the fastest-growing economies worldwide. Especially given the reversal of the brain drain, record levels of remittances from hardworking and successful diaspora communities, and the expansion of middle-class consumerism, Africa is viewed as a good investment by several of our economic competitors.

While this progress is commendable, African and American economists and observers stress that much more needs to be done to address ongoing infrastructural and capacity-building challenges faced by many African countries, particularly those dependent on the agricultural sector. Uneven income distribution, price subsidies, poor transportation networks and infrastructure, rampant unemployment and underemployment of young people, poor access to electrical power, and, frankly, a greater need for good governance has resulted in a pattern of uneven economic development across individual countries and regions.

Against this backdrop, I welcome our witnesses here today. I am very interested in hearing from them about how the AU, the RECs, and individual countries plan to address these challenges. Secondly, as the U.S. seeks to strengthen trade and investment relations with Africa, what role should U.S. Embassies play in the process?

And while AGOA has been very successful in increasing U.S.-Africa trade in oil and textile industries, which has limited job creation, frankly, there has been little success in exporting other AGOA-eligible products to the U.S. that could be produced by small to medium-size companies. Are AGOA-eligible countries developing strategies to increase exports of goods produced by SMEs?

And, finally, in view of current situation in South Sudan, how does the EAC address Juba's application for EAC membership?

As I have said in previous hearings, we learn as much from our success as we do from our failures. As we hear from today's witnesses, our focus should not only cover the broad diversity of success and the many challenges but the activities that worked well in addition to those that fail to accomplish their objectives.

Thank you. I yield back.

Mr. SMITH. Thank you, Ms. Bass.

Mr. Marino?

Mr. MARINO. I have no questions.

Mr. SMITH. Mr. Cicilline?

Mr. CICILLINE. Thank you, Mr. Chairman and Ranking Member Bass, for holding today's hearing on this very important issue.

I would like to offer my gratitude to the witnesses for their testimony and, more importantly, for the important work that they are doing.

As one of the most resource-rich regions on the planet, Africa has always possessed tremendous economic potential. And while the eight regional economic communities in Africa develop closer ties and foster greater cooperation, the world will be watching attentively. It is imperative that the United States remain a strong trading partner with nations on the African continent throughout this process and, as Congresswoman Bass said, learn both from the successes as well as the failures.

As regional integration improves, the African trading position and economy in general will improve, and I hope that we will see a correlating reduction in terrorism and political unrest in the region.

I again thank the witnesses for their testimony, and I look forward to hearing the testimony.

And I yield back.

Mr. SMITH. Thank you very much.

Mr. Weber?

Mr. WEBER. I am good.

Mr. SMITH. And Dr. Bera?

I would like to now welcome our distinguished witnesses to the witness table, beginning, first of all, with Dr. Amadou Sy, who is a senior fellow at the Brookings Institution's Africa Growth Initiative and currently serves as a member of the editorial board of the Global Credit Review. He focuses on banking, capital markets, and macroeconomics in Africa and emerging markets. Dr. Sy was previously deputy division chief of the Financial Service Division of the International Monetary Fund's Monetary and Capital Markets Development. And Dr. Sy has also held a variety of positions at the IMF for the last 15 years, covering more than 20 countries and all the financial crises since 1998. He also worked on a project to set up a trust fund for capacity-building in Africa.

We then will hear from Mr. Stephen Lande. Over his 50-year career at the State Department, the Office of the U.S. Trade Representative, and in private sector, Mr. Lande has worked extensively to expand U.S. trade. He has worked as a Foreign Service Officer, senior trade negotiator, and an Assistant U.S. Trade Representative. He has negotiated trade agreements with countries around the world, and he was instrumental in the creation of the Generalized System of Preferences, the Caribbean Basin Initiative, and NAFTA. Mr. Lande continues to work with African governments and teaches international trade at Johns Hopkins' School of Advanced International Studies.

We will then hear from Dr. Peter Quartey, who is an associate professor in development economics at the University of Ghana. He was formerly the deputy director of the Center for Migration Studies at the University of Ghana. He is also currently the board chairman of the University of Ghana's Cooperative Credit Union. He has published extensively, and his research interests are private-sector development, including small and medium enterprises, development finance migration and remittances, and poverty analyses. He consults for the World Bank, the Organization for Economic Cooperation and Development, the Overseas Development Institute, and many others.

Finally, we will hear from Dr. Witney Schneidman of Covington & Burling and the Brookings Institution. He is a senior international advisor for Africa at Covington & Burling. Dr. Schneidman, a nonlawyer, has a deep understanding of many of the major African countries as well as uniquely valuable insights into the recurrent challenges and opportunities across the continent. He provides strategic advice on the varied political, economic, social, and regulatory issues that are critical to companies' success in Africa. Dr. Schneidman's work focuses on U.S.-Africa relations, trade and investment in sub-Saharan Africa, and issues related to economic growth and regional integration on the continent.

So, Doctor, thank you, as well.

We will begin with you, Dr. Sy.

STATEMENT OF AMADOU SY, PH.D., SENIOR FELLOW, AFRICA GROWTH INITIATIVE, THE BROOKINGS INSTITUTION

Mr. SY. Chairman Smith, Ranking Member Bass, and members of the subcommittee, thank you for convening this important hearing to discuss Africa's progress toward establishing an economic community.

I appreciate the invitation to share my views on behalf of the Africa Growth Initiative at the Brookings Institution. The following views are my own and do not necessarily represent those of the Brookings Institution.

Mr. Chairman, hoping for their countries to benefit from integration, 51 African leaders signed the Abuja Treaty in 1991 and established a roadmap toward an African economic community to be completed by 2028. Mr. Chairman, 23 years later, regional integration is happening across Africa, but progress is happening at different speeds.

The eight building blocks of the treaty, the regional economic communities, have different levels of advancement across the components of regional integration, such as freedom of movement for capital and goods, labor mobility, and unification of currencies. Simply put, four RECs are measurably progressing at regional integration and four are falling behind. As of 2013, the East African Community appears to have made the most progress overall toward the stages of the Abuja Treaty.

Even within regional groupings, the progress of individual countries toward achieving convergence target is uneven. The diversity of countries within the same regional bloc is at times very pronounced. For instance, the Central African Republic is the only non-oil-exporting country in the Economic Community of Central States. In South Sudan, a member of the Intergovernmental Authority on Development, IGAD, the humanitarian, political, and economic situation is deteriorating very rapidly.

There is also significant overlap of membership between RECs. This is a problem because countries belonging to more than one regional bloc can find it difficult to prioritize their policies.

Mr. Chairman, African governments will need to address a number of challenges to accelerate integration. They will need to maintain regional peace and security, strengthen common institutions, and streamline regional integration policies.

Mr. Chairman, increased African regional integration would create larger markets, improve economies of scale, and reduce transaction costs for local, regional, and global trade. Greater U.S. exports to Africa will create more jobs on this side of the Atlantic as well as on the other side.

And, as you know, there are ongoing efforts by the United States to support regional integration. In order for the U.S. to help support regional integration in Africa, I suggest deepened engagement. Mr. Chairman, I would recommend the following three actions to support regional integration.

Number one, broaden the Trade Africa initiative to other RECs. Trade Africa so far focuses only on the East African Community, and there is merit in expanding it quickly to other RECs. At a minimum, impending their inclusion in the program, these RECs could build capacity by adapting to the harmonization standards being associated to the initiative. A roadmap for these RECs to join the initiative could be established.

Number two, expand the Power Africa initiative to include regional projects. Power Africa so far focuses only on six countries. The initiative could coordinate with regional and continental initiatives to address the power deficit in the continent. This is important since regional projects could benefit from economies of scale and lay the basis for a regional energy market.

Finally, number three, strengthen REC secretariats and commissions. Building strong institutions would help lay the basis for faster and better-quality economic integration and potentially for monetary integration. The U.S. could coordinate with the African Union and the RECs to encourage multilateral institutions such as the IMF and the World Bank Group to step up their support to regional integration in Africa. Since African nations lack representation in these global governance institutions, support from the U.S. on the multilaterals could greatly increase support for RECs.

Mr. Chairman, Ranking Member Bass, and members of the subcommittee, thank you very much for convening this important meeting.

Mr. SMITH. Dr. Sy, thank you very much for your testimony.

[The prepared statement of Mr. Sy follows:]

B | Africa Growth Initiative at BROOKINGS

House Committee on Foreign Affairs

Subcommittee on Africa, Global Health, Global Human Rights, and International Organizations

Hearing on "Will there be an African Economic Community?"

January 9, 2014

Amadou Sy, Senior Fellow, Africa Growth Initiative, the Brookings Institution

Chairman Smith, Ranking Member Bass, and Members of the Subcommittee, I would like to take this opportunity to thank you for convening this important hearing to discuss Africa's progress towards establishing an economic community. I appreciate the invitation to share my views on behalf of the Africa Growth Initiative at the Brookings Institution.

The Africa Growth Initiative at the Brookings Institution delivers high-quality research on issues of economic growth and development from an African perspective to better inform policy research. I have recently joined AGI from the International Monetary Fund's where I led or participated in a number of missions to Africa over the past 15 years.

Why is the African Economic Community Important?

Mr. Chairman, before we start answering the main question, "Will there be an Africa Economic Community?" it is important to look at the reasons why a regionally integrated Africa is beneficial to African nations as well as the United States.

In spite of its remarkable economic performance over the past decade, Africa needs to grow faster in order to transform its economy and create the resources needed to reduce poverty. Over the past 10 years, sub-Saharan Africa's real GDP grew by 5.6 percent per year, a much faster rate than the world economy, which grew by 3.2 percent. At this rate of 5.6 percent, the region should double the size of its economy in about 13 years. However, Africa remains vulnerable to both internal risks such as armed conflicts and external risks such as volatile commodity prices. More importantly, this rate of growth still hides important disparities among countries and falls short of the level needed to achieve the structural transformation that countries such as China have achieved.[1]

Since Africa is the least integrated region in the world, economic integration is one policy lever that can help increase and sustain its growth. Africa is a huge continent—as large as the U.S., Mexico, China,

[1] Thirteen countries, the so-called "growth miracles," have achieved fast and high sustained growth in the postwar period. They include Brazil; China; Hong Kong, China; Indonesia; Japan; the Republic of Korea; Malaysia; Malta; Oman; Singapore; Taiwan, China; Thailand; and only one African country, Botswana. See *The Growth Report: Strategies for Sustained and Inclusive Development* (2008), *World Bank*, http://go.worldbank.org/FC797ZNZP0

India, Japan, Western and Eastern Europe combined—but it remains a mosaic of 54 countries of various sizes, six of which are landlocked. Africa accounts for 1.8 percent of global imports of goods and 3.6 percent of global exports and these rates are lower in the services sector. [2] The political, economic and geographic fragmentation of Africa creates a number of barriers to trade, investment and the operation of supply chains. As a result, Africa is the most expensive region with which to trade in the world. Intra-regional trade is the lowest in the world and, for a decade, has remained stubbornly at about 10 percent (now up a few notches at 12 percent), compared to 30 percent for the Association of South East Asian Nations and 60 percent in the whole European Union.

Expected gains from greater economic integration for the continent include economies of scale as new markets open up, lower transaction costs and, more generally, a lower cost of doing business within the region. In order for these benefits to be captured, however, African countries will need to improve their infrastructure, including energy, communication, and transportation links. African companies need to innovate and diversify their products to conquer neighboring markets. African governments need to resolve a number of border issues, such as bad customs environments and long border delays. At present, it costs more than three times to ship a car from Abidjan, Côte d'Ivoire to Addis Ababa, Ethiopia ($5,000), than it is to ship it from Japan to Côte d'Ivoire ($1,500). Above all, however, African governments need to quickly build an effective crisis prevention and resolution mechanism as armed conflicts, in addition to their humanitarian costs, can inflict permanent losses on their economies.

Monetary union can also contribute to regional integration but requires careful management of the challenges that come with it, as illustrated by the recent crisis in the European Union. A common currency can save on various types of transaction costs and benefit from economies of scale. But a common currency also means that policymakers lose one important policy instrument—their national monetary policy—and thereby lose the ability to respond to some shocks, especially those that impact them differently than other countries in the monetary union (the so-called asymmetric shocks). One way to reduce such costs is through the use of labor mobility, wage and price flexibility, and fiscal transfers. Furthermore, as African countries face different shocks relative to their terms of trade (for example, some are oil exporters while others are oil importers), it will be important to build strong monetary institutions—such as an independent common central bank—and disciplined fiscal policies, especially for the larger members. Financial integration can also contribute to regional integration. But one lesson from the European crisis is that when capital flows from richer members to poorer members of a monetary union, credit should be used to finance productive capital and raise productivity. Otherwise, an abrupt reversal of capital flows is likely to happen.

African countries have small economies. For instance, Kenya's GDP is smaller than that of Madison, WI (Figure 1). Regional integration should help attract more foreign investments, including from the U.S., hoping to benefit from economies of scale. In 2012, East African Community (EAC) member countries combined would have been the United States' 80th largest goods export market in 2012, with U.S. goods exports to the EAC worth $965 million. Presumably, the EAC as a whole would rank higher as a

[2] African Union, Status of Integration in Africa, 2013, http://ea.au.int/en/content/status-integration-africa-sia-iv-2013

trading partner because working with the entire region reduces transactions costs for U.S. exporters compared to having to deal with each member country separately. When EAC members are considered separately, Kenya ranked the 98th largest U.S. export market and Rwanda, the 148th.

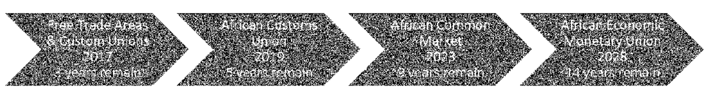
African Country	2012 real GDP (Millions)	U.S. Metropolitan Statistical Area	2012 real GDP (Millions)
Burundi	1,508	Ann Arbor, MI	16,880
Kenya	25,674	Columbus, OH	86,815
Rwanda	4,464	El Paso, TX	25,175
Tanzania	22,432	Los Angeles, CA	670,974
Uganda	14,735	Madison, WI	34,075
Sources: World Bank Databank 2013; BEA 2013; GDP in Constant 2005 $US			

Figure 1. Comparisons of GDP African Countries vs. U.S. Metropolitan Statistical Areas

The Roadmap for an African Economic Community

Mr. Chairman, hoping for their countries to benefit from regional integration, 51 heads of state and government signed the Abuja Treaty in 1991. The treaty, which entered in force in 1994, established a roadmap towards an African Economic Community to be completed by 2028. The roadmap included six stages starting with the creation of regional blocs (the Regional Economic Communities or RECs) (Stage I) and the strengthening of intra-regional integration and the harmonization between the blocs (Stage II). The remaining four stages planned for the consecutive establishment of free trade areas and customs unions in each bloc (Stage III), the creation of a continental customs union (Stage IV), the creation of an African common market (Stage V), and, finally, the establishment of an African economic monetary union and a parliament (Stage VI) (Figure 2 lists the years remaining for Stages III-VI). Although the first stage has been completed, the second stage, which was supposed to be finalized by 2007, is not fully completed because progress by regional blocs and the countries within them has been uneven.

Figure 2. Overall Deadline for the Establishment of the African Economic Community 2028



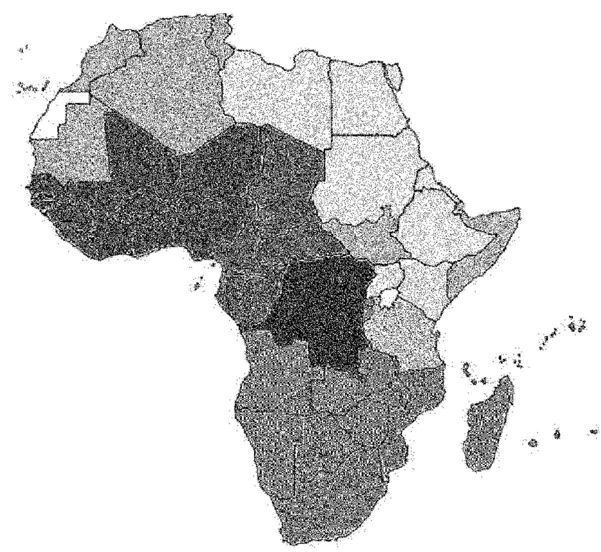
The Abuja Treaty relies on eight building blocks—the RECs—to achieve its goal of establishing the African Economic Community. Although they overlap, the RECs can be classified geographically as: the Arab Maghreb Union (AMU/UMA) in the north, the Economic Community of West African States (ECOWAS) in the west, the East African Community (EAC) and the Intergovernmental Authority on

Development (IGAD) in the east, the Southern African Development Community (SADC) in the south, the Common Market for Eastern and Southern Africa (COMESA) in the southeast, the Economic Community of Central African States (ECCAS) in the center, and the Community of Sahel-Saharan States (CENSAD) (which includes countries to the north of the Democratic Republic of the Congo, Comoros, and São Tomé and Príncipe, but excludes Algeria and Ethiopia) (see Map 1).

In addition to the planned integration of the regional blocs, the African Union has launched a number of integration programs and initiatives.[3] As with the regional blocs, these programs are at various levels of progress and implementation. The U.S. is, however, supporting some of these programs. In particular, USAID has allocated resources through it *Feed the Future Program* in support of the Comprehensive Agricultural Development Program (CAADP). The East African Public Health Laboratory Networking Project (EAPHLNP) which is a World Bank Funded Project is being implemented in collaboration with the EAC Secretariat and the U.S. Center for Disease Prevention and Control (CDC) and other partners. The objective of the project is —to establish a network of efficient, high quality, accessible public health laboratories for the diagnosis and surveillance of Tuberculosis (TB) and other communicable diseases.

[3] Examples of these include: the Program for Infrastructure Development in Africa (PIDA); the Comprehensive Africa Agricultural Development Program (CAADP); African financial institutions (including the African Central Bank, the African Monetary Fund and the African Investment Bank); the African Charter on Statistics (ACS) and the Strategy for the Harmonization of Statistics in Africa (SHASA); the Continental Free Trade Area (CFTA);Boosting Intra-African Trade (BIAT); and the Minimum Integration Program (MIP).

Map 1. Regional Economic Communities: Building Blocks of Regional Integration in Africa



Key	REC	Members
	AMU-Arab Monetary Union	Algeria, Libya, Mauritania, Morocco, and Tunisia
	ECOWAS-Economic Community of West African States	Benin, Burkina Faso, Cape Verde, Ivory Coast, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo
	ECCAS-Economic Community of Central Africa States	Burundi, Cameroon, Central African Republic, Chad, Democratic Republic of the Congo, Equatorial Guinea, Gabon, Rwanda, and São Tomé and Príncipe
	COMESA-Common Market for Eastern and Southern Africa	Angola, Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Sudan
	EAC- East African Community	Burundi, Kenya, Rwanda, Tanzania, Burundi
	SADC-Southern African Development Community	Angola, Botswana, Democratic Republic of the Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe
	IGAD-Inter-Governmental Development Authority	Djibouti, Ethiopia, Kenya, Somalia, South Sudan, Sudan and Uganda
Overlapping Memberships		
	AMU/COMESA	Libya
	ECCAS/COMESA/SADC overlap	Democratic Republic of the Congo
	ECCAS/COMESA/EAC overlap	Burundi, Rwanda
	SADC/EAC overlap	Kenya
	SADC/COMESA overlap	Angola, Botswana, Namibia, Madagascar, Malawi, Mauritius, Seychelles, Zambia
Not marked	IGAD/EAC overlap	Kenya, Uganda
Not marked	IGAD/COMESA overlap	Djibouti
Not marked	CEN-SAD overlap	Benin, Burkina Faso, Central African Republic, Chad, Ivory Coast, Djibouti, Egypt, Eritrea, the Gambia, Ghana, Guinea-Bissau, Liberia, Libya, Mali, Morocco, Niger, Nigeria, Senegal, Sierra Leone, Somalia, Sudan, Togo, and Tunisia.

Progress Towards the African Economic Community

Mr. Chairman, regional integration is happening across Africa, but the progress towards the stages of the Abuja Treaty is happening at different speeds. Economic communities with pre-existing institutions have had the most success in maintaining and establishing monetary unions. Additionally, the implementation of single currency across Africa is unlikely, but some expansion of the existing monetary institutions is possible.[4] Ultimately, regional integration is not limited to the establishment of a monetary union, and a focus on the freedom of movement of the other factors of production can help build economies of scale.

The eight Regional Economic Communities (RECs) have different levels of advancement across the components of regional integration, e.g. freedom of movement for capital and goods, unification of currencies, and labor mobility. Simply put, four RECs are measurably progressing at regional integration, and four are falling behind. As of 2013, the East African Community (EAC) appears to have made the most progress overall towards the stages of the Abuja Treaty (see Annex, Table 1).

Even within regional groupings, the progress of individual countries towards achieving convergence targets is uneven. The diversity of countries within the same regional bloc is at times very pronounced. For instance, the Central African Republic is the only non-oil exporting country in the CEMAC and is currently experiencing an armed conflict. Other countries such as Burundi in the EAC and Ivory Coast, Guinea, Guinea Bissau, Liberia and Togo in the ECOWAS are all classified as fragile countries by the IMF. Countries with different economic classifications favor different policies. In addition to the variation of economic classification, there is significant overlap of membership between RECs. This is a problem because countries belonging to more than one regional bloc can find it difficult to prioritize their policies.

Freedom of Movement for Capital and Goods: Reduction in Tariff Barriers to Trade

Notably, the EAC launched a common market union across its member states in 2010 (after having five years to adapt to unified customs procedures). The EAC members are also moving forward with the 2015 deadline to have a single currency as well as broadly appearing to have made the most progress on primary macroeconomic policy convergence targets among member states (see Annex, Table 2). The EAC has doubled its intra-regional trade in the past five years, and regional GDP has quadrupled within the past 10 years.[5] However, amid the many successes of the EAC, recent perceived isolation of Burundi and Tanzania has eroded the cohesion of the grouping.

Keeping pace with the EAC, COMESA launched its customs union in 2009. SADC and ECOWAS are working on the level of building their Free Trade Areas (FTA); the two RECs have set 2013 (originally

[4] For more information see Masson and Pattillo (2005), The Monetary Geography of Africa, Brookings Press
[5] White House Fact Sheet: Trade Africa, July 1, 2013, http://www.whitehouse.gov/the-press-office/2013/07/01/fact-sheet-trade-africa

2010) and 2015 as their respective dates for launching a customs union. The transition from a FTA to a single customs union is posing a challenge for SADC. According to the SADC secretariat, the delay in convergence to the customs union stems from the difficulty of merging the RECs' eleven external tariffs into one Common External Tariff.[6] The EAC, COMESA and SADC are also working toward a Tripartite Free Trade Area to reduce the "spaghetti bowl" effect of overlapping membership. In general, there has been some interest and movement in sub-Saharan Africa towards a reduction in duplication and overlap.

The four RECs lagging behind in terms of the six stages of the Abuja Treaty are ECCAS, CENSAD, AMU and IGAD. ECCAS has attempted to launch a Free Trade Area, but, according to the *African Union Status of Integration in Africa VI*, is having problems with implementation.

Unification of Currency: En Route to the African Monetary Union

Despite a crisis striking in the European Union's euro zone in 2012, the Africa region continues moving ahead on the unification of monetary currencies. However, the most progress towards a monetary union has been made in areas that have a historical precedence of single currencies that were established during the colonial period: West African Economic and Monetary Union (WAEMU), ECCAS, and EAC. While the EAC does not currently have a single currency, the Eastern African countries ruled in the past by the United Kingdom (Kenya, Uganda, Tanganyika and Zanzibar) utilized the East African shilling, but later diverged after independence. While it is likely that some existing monetary unions could expand to encompass new members, it is unlikely that a monetary union across Africa will form by 2028.

Nigeria creates at the moment one of the largest potential impediments to the feasibility of a single monetary union in West Africa due to the size of the Nigerian economy compared to countries in the ECOWAS. For example, the entire WEAMU has a GDP of approximately $75 billion while Nigeria alone has a GDP of $260 billion (in 2013 USD). Nigeria is a major oil exporter while many other West African countries import oil.

Maintaining fiscal discipline across individual states is a serious challenge as budgets are controlled by politicians and subject to the extraction of rents, especially before elections. In these conditions, building strong monetary and fiscal institutions is a prerequisite of a successful monetary union. That being said, regional integration is not limited to monetary unions, and can be better served by focusing on the other components that help African nations gain access to the economies of scale, e.g., freedom of movement of the factors of production.

Labor Mobility: The Status of Freedom of Movement Protocol

In addition to reducing trade barriers to goods and money, the African Union's Abuja Treaty has plans to improve the mobility of labor throughout the region. The ultimate goal of the African Economic Community is for citizens of all nations in Africa to have the right to move across borders and the right

[6] SADC, Customs Unions, 2012 http://www.sadc.int/about-sadc/integration-milestones/customs-union/

to establish business in every country in the AEC. As with Stages I-VI of the Abuja Treaty, the development of labor mobility protocol, i.e. REC wide visas, is also moving at different paces. Most RECs have laid out the legal framework to provide for the movement of people, but insecurity, illegal activity and road infrastructure has delayed implementation.

In the area of labor mobility, ECOWAS has made the most progress. ECOWAS grants 90-day visas to members and has a regional passport to facilitate the movement of ECOWAS members. Benin, Ghana, Guinea, Liberia, Niger, Nigeria and Senegal have converted to the ECOWAS passport.[7] The EAC passport is reportedly held by a small number of people within the EAC, but is scheduled to be ready for full roll-out by 2016.[8] SADC and COMESA members offer 90-day visas to members, while CEMAC members have plans to roll out a 90-day visa. Rwanda has adopted an open door policy and started issuing entry visas to all African nations, not just EAC or COMESA members, on January 2013.[9]

In addition to progress in these three components in regional integration there are regional efforts to harmonize rules of origin, improve transportation, build infrastructure and to commit more funding to the agriculture sector.[10]

Challenges to Regional Integration

Mr. Chairman, African governments will need to address a number of challenges in order to meet the goal of an African Economic Community by 2028. In particular, African policymakers should redouble their efforts to:

- **Maintain regional peace and security:** Ongoing armed conflicts in the continent, such as in South Sudan and the Central African Republic, derail regional economic integration efforts. They not only inflict important human and economic costs on countries, but also result in the destruction of infrastructure. The spillovers from these crises have short- and long-term effects on both countries of origin as well as their neighbors. Pending a stronger continental crisis prevention and resolution mechanism, RECs such as IGAD in South Sudan and the ECCAS in the Central African Republic play an important role in the resolution of armed conflicts through mediation or peace keeping operations.

- **Strengthen common institutions:** Regional integration, especially monetary integration, requires independent institutions with the relevant expertise. Member country governments should establish a sustainable funding mechanism for common institutions such as the RECs' secretariats and commissions. In addition, common institutions should be able to monitor and evaluate the integration process on a timely basis, and be able to apply sanctions to countries that fail to respect their regional obligations. Regional integration often involves trade-offs

[7] United Nations Economic Commission of Africa, Assessing Regional Integration in Africa VI, 2013
[8] Ibid.
[9] Rwanda Directorate General of Immigration and Emigration, 2013, https://www.migration.gov.rw/
[10] For more information on the development of these efforts, see AU 2013, *The Status of Regional Integration in Africa VI.*

between short-term costs such as the loss of customs revenues and long-term gains such as access to larger markets, which often causes delays in integration. A compensation mechanism can give incentives to governments to remain engaged to the integration agenda.

- **Streamline regional integration priorities:** The large scope of existing regional programs shows that there is a lot of effort toward regional integration, but that members have varied priorities. Difficulties in funding such a wide array hamper the speed of regional integration. Focusing on a reduced number of top priorities, such as building infrastructure and increasing regional trade would accelerate integration. In addition, many African countries belong to more than one REC, which leads to inefficiencies when policies between different RECs are not harmonized. The harmonization of policies would reduce such inefficiencies.

Implications for the United States

Mr. Chairman, as you know there are ongoing efforts by the United State to support regional integration. The *U.S. Strategy Toward Sub-Saharan Africa* (June 2012) includes the promotion of regional integration as a way to accelerate inclusive economic growth. It notes that increased African regional integration would create larger markets, improve economies of scale, and reduce transaction costs for local, regional, and global trade. The strategy also says that the U.S. will work with RECs, through national governments and programs such as the U.S.-Eastern Africa Community Trade and Investment Initiative reduce the barriers to trade and investment flows across the continent. To do so, the U.S. will promote trade facilitation, customs modernization, and standards harmonization; support regulatory coherence and transparency; improve infrastructure that strengthens regional trade and access to global markets; and explore ways to remove impediments to efficient operation of supply chains in the region.

Following two hearings to explore the economic potential of sub-Saharan Africa, the Senate Foreign Relations Subcommittee on African Affairs established a roadmap for U.S. economic engagement with Africa.[11] The roadmap recommends that the U.S. support African-led efforts to improve the business climate on the continent and remove barriers to trade. In particular, it recommends enhancing regional economic integration, primarily including through enhanced support of the three regional trade hubs funded by USAID. The current U.S. initiatives to support regional integration in Africa should be commended.

Mr. Chairman, in order for the U.S. efforts to support regional integration in Africa to have a bigger impact on the lives of Africans and increase opportunities for trade with the United States, I suggest deepened engagement. I have outlined two current programs that should be expanded beyond the EAC and other bilateral efforts to additional RECs.

[11] U.S. Senator Chris Coons, Embracing Africa's Economic Potential, March 7, 2013, http://www.coons.senate.gov/embracing-africas-economic-potential

Mr. Chairman, I recommend the following actions to support regional integration:

- **Broaden *Trade Africa* to other RECs:** *Trade Africa,* which was announced during President Obama's 2013 visit to Africa, is an initiative that seeks to increase internal and regional trade within Africa and expand economic ties between Africa, the United States and other global markets. However, the initiative focuses only on the East African Community (EAC) and aims to double intra-regional trade in the EAC and increase EAC exports to the United States by 40 percent. Although in principle *Trade Africa* will be extended to other RECs, there is merit in expanding the initiative quickly. At a minimum and pending their inclusion in the program, these RECs could build capacity by adapting to the harmonization standards being associated to the initiative. A roadmap for RECs to join the initiative could be established.

- **Expand *Power Africa* to include regional projects and support continental effort to improve infrastructure:** During his 2013 visit to Africa, President Obama also announced *Power Africa*—an initiative to double the number of people with access to power in sub-Saharan Africa and add more than 10,000 megawatts (MW) of electricity generation capacity. The initiative is a good example of how African governments, the private sector, and other partners such as multilateral banks can address Africa's large infrastructure gap. However, the initiative focuses only on six countries (Ethiopia, Ghana, Kenya, Liberia, Nigeria and Tanzania). The initiative could coordinate with regional and continental initiatives to address infrastructure gap, including for power. For instance, the Program for Infrastructure Development in Africa (PIDA), a collaboration of the African Union Commission, the New Partnership for African Development and the African Development Bank, also aims to address Africa's large infrastructure gap. This is important since regional projects could benefit from economies of scale and lay the basis for a regional energy market. More generally, the *Power Africa* model, although yet to be tested, has the potential to be useful for infrastructure projects beyond the power sector.

- **Strengthen REC's Secretariats and Commissions:** African RECs would benefit from funding and capacity building, such as design, implementation and monitoring. Building strong institutions would help lay the basis for faster and better quality economic integration and potentially for monetary integration. The U.S. could coordinate with the African Union and the RECs, to encourage multilateral institutions such as the IMF and the World Bank Group to step up their support to regional integration in Africa. Since African nations lack representation in these global governance institutions, pressure from the U.S. on the multilaterals could greatly increase support for RECs.

Annex. Table 1. Status of Implementation of the Abuja Treaty per REC

Progressing RECS					
REC	**Free Trade Area AEC by 2017**	**Customs Union AEC by 2019**	**Common Market AEC by 2023**	**Common Visa**	**Monetary Union AEC by 2028**
EAC	Yes	Yes, since 2009	Yes, since 2010	No, but est. deadline 2016, and 90 day visas	No, est. deadline 2015
COMESA	Yes, since 2000	Yes, since 2009 NB: 14 out of 19 members are members of the FTA	No	No, but 8 members offer visas; flexibility for visas for members	No, working toward framework for monetary cooperation
ECOWAS NB:WAEMU is scheduled to merge with ECOWAS, deadline 2020	Yes, since 2006 NB: ECOWAS Trade Liberation Scheme, working on CET nomenclature	No, est. deadline 2015	No	Yes NB: Progressing on roll out of ECOWAS passport, brown card, Eco-visa	No*, est. deadline for West African Monetary Zone, 2016 and merge with UEMOA 2020
SADC	Yes, since 2008 NB: Working on merging external tariffs	No, est. deadline 2013 (not achieved)	No, est. deadline 2015	No, but offers 90 day visas to members	No, est. deadline monetary union 2016, single currency 2018
Lagging RECS					
REC	**Free Trade Area AEC by 2017**	**Customs Union**	**Common Market EAC**	**Common Visa AEC by 2028**	**Monetary Union AEC by 2028**
ECCAS	Yes, since 2004 Problems with implementation	No	No	No, plans for a 90 day visa for members	Yes, CEMAC
CENSAD	No, Pre-Free Trade Area, last deadline 2010 NB: Working on tariff phase down	No	No	No, but visas for diplomats and service personnel are in place	No
IGAD	No, Pre-Free Trade Area NB: Implementing Minimum Integration Plan	No	No	No, but bilateral agreements are in place	No
AMU	No, Pre-Free Trade Area	No	No	No, only Tunisia, and trilateral and bilateral agreements are in place	No

Sources: ARIA VI (2013), SIA IV (2013)*WAEMU already has a single currency, the CFA, but is scheduled to merge with the West African Monetary Zone once it has been established, the currency is the "Eco".

Annex. Table 2. The Status of Some Comparable Convergence Targets for Currency Unions

CEMAC Targets	**N/A**	**No Target**	**Debt/GDP Less than or equal to 70%**	**Less than 3%**	**No Target**
CEMAC Countries	**Classification**	**Real GDP growth (%)**	**Debt to GDP ratio (%)**	**Inflation (average annual % change)**	**Reserves 2013 (mo. of imports goods and services)**
Cameroon	Oil-Exporting	5.4	17.7	9.4	3.3
Central African Republic	Fragile	4.3	28.3	2.0	3.8
Chad	Oil-Exporting	8.1	36.1	1.5	2.6
Republic of Congo	Oil-Exporting	6.4	25.4	4.5	12.7
Equatorial Guinea	Oil-Exporting	-2.1	6.1	5.0	7.4
Gabon	Oil-Exporting	6.1	25.8	3.0	3.9
EAC Targets	**N/A**	**7% real GDP growth annually**	**Debt to GDP ratio less than 50%**	**Less than 5%**	**6 months of goods and services**
EAC Countries	**Classification**	**Real GDP growth 2013 (%)**	**Debt to GDP ratio 2013 (%)**	**Inflation 2013(average annual % change)**	**Reserves 2013 (mo. of imports goods and services)**
Burundi	Fragile	4.5	28.6	9.0	3.6
Kenya	Low-income	5.8	47.9	5.2	3.4
Rwanda	Low-income	7.6	27.7	4.9	4.6
Uganda	Low-income	7.0	37.6	5.5	4.3
Tanzania	Low-income	4.8	44.9	9.0	3.4
ECOWAS Targets	**N/A**	**No Target**	**WAEMU Debt to GDP ratio less than or equal to 70%**	**5% or lower**	**6 months of goods and services**
ECOWAS Countries	**Classification**	**Real GDP growth 2013 (%)**	**Debt to GDP ratio 2013 (%)**	**Inflation 2013(average annual % change)**	**Reserves 2013 (mo. of imports goods and services)**
Benin (WAEMU)	Low-income	4.1	37.2	3.5	3.8
Burkina Faso (WAEMU)	Low-income	7.0	28.7	2.0	2.8
Cape Verde	Middle	4.1	106.3	4.0	3.3
Ivory Coast (WAEMU)	Fragile	8.0	45.4	3.1	3.7

Annex. Table 2. Continued, The Status of Some Comparable Convergence Targets for Currency Unions

ECOWAS Targets	N/A	No Target	WAEMU Debt to GDP ratio less than or equal to 70%	5% or lower	6 months of goods and services
ECOWAS Countries	**Classification**	**Real GDP growth (percent)**	**Debt to GDP ratio (percent)**	**Inflation (average annual % change)**	**Reserves 2013 (mo. of imports goods and services)**
The Gambia (WAMZ)	Low-income	8.9	70.4	5.5	6.1
Ghana (WAMZ)	Middle	6.9	56.6	8.4	2.9
Guinea (WAMZ)	Fragile	4.5	44.9	11.2	1.5
Guinea Bissau (WAEMU)	Fragile	4.2	60.5	3.0	5.8
Liberia (WAMZ)	Fragile	7.5	26.9	6.4	2.6
Mali (WAEMU)	Low-income	4.8	31.2	2.9	3.1
Niger (WAEMU)	Low-income	6.2	39.2	1.7	3.5
Nigeria (WAMZ)	Oil-Exporting	7.2	17.9	10.7	6.8
Senegal (WAMZ, WAEMU)	Middle	4.0	47.2	1.5	3.8
Sierra Leone (WAMZ)	Low-income	17.1	40.1	8.7	2.3
Togo (WAEMU)	Fragile	5.1	46.1	4.2	1.5

Source: SIA IV (2013), IMF Regional Economic Outlook: Sub-Saharan Africa (2013), Statistical Appendix

Further Reading

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Mr. SMITH. And, without objection, your full statement and those of all of our distinguished witnesses will be made part of the record, and any additional documentation or statements you would like to have added to your text.

Mr. Lande?

STATEMENT OF MR. STEPHEN LANDE, PRESIDENT, MANCHESTER TRADE

Mr. LANDE. When I hear my description, sometimes I think I should be speaking before the History Channel as opposed to such an august body. But I very much appreciate that. And hopefully some of my experience can be useful in terms of our discussion.

Many people say that Africa is moving too slowly toward regional integration. May I remind you that the European Union started their efforts at regional integration in 1951 with the European Coal and Steel Community, from which they developed additional members and groups. But it was not until 1992—which, the way I subtract, 41 years later—that they really arrived at something that could be called a customs union.

Africa has been at the game, as pointed out by Mr. Sy, since 1994 when the Abuja Treaty was implemented, and it is hoped that they will arrive at this particular milestone of a customs union by 2017. Even if it slips a couple of years, that is less than 30 years.

So people should remember these are complicated things. Europe had a lot of advantages. They had trade. They had a history of being countries. They had a whole group of commerce that went on for years and years. They had an infrastructure project proposal. So one should not push too quickly.

I could not believe the timing of this hearing. It was almost like people were listening in Africa and saying, we had better show something in terms of regional integration. So there have been two significant developments in terms of moving toward free-trade agreements.

Number one, the ECOWAS, Economic Community of West African States, at an October 16th extraordinary summit, reaffirmed their decision that their free-trade agreement and customs union both will become operational as of January 1st, 2015. This will bring together, as pointed out in your comments, the Francophone, the Lusophone, the Anglophone, all kinds of different systems, Roman systems, common law systems. I cannot tell you all the tsuris and problems you had in putting something like this together. But this is quite an achievement.

Similarly, the tripartite group, which combines the three regional economic communities in Eastern and Southern Africa and so on, they are planning to make operational by June 2014 their free-trade agreement. And then they have plans to further deepen with things in services, things in common customs procedures and so on.

These are things that are moving along. You can talk about eight RECs, but let's be very honest, we are talking about five that really count in this exercise.

Central Africa is going a little bit slower. We have to figure out whether they continue alone, whether they join ECOWAS because they are all mainly French-speaking or not. Some Central African countries, such as Burundi, Rwanda, the Congo, Angola, have already chosen to work within the tripartite group, so they are open. The Union of Arab States, the UMA, or Arab Maghreb Union, is not really moving in much a direction, so I don't discuss that. My focus is on sub-Saharan Africa to see where we are headed and so on, et cetera.

The U.S. should be very proud of the role it has played because we, ahead of any other countries, even ahead of the Europe Union, really began pushing regional integration back in the 1990s. We were the original sponsors, in many ways, of COMESA. We were the original supporters of ECOWAS and so on. Today there are many things we do, whether they are the regional hubs, which have been very effective operating in this particular environment. USTR has trade and information framework agreements with almost each one of the regional economic communities in place and so on. The State Department has appointed Ambassadors to each of the regional communities. So we should have a good feeling because of this particular project that is going on.

The advantages, really quickly put, are: One, you have a much stronger fabric for political democracy, for maintaining good government if you do have regional economic communities. You have a lot more peer pressure to get that done. American companies need regional economic communities because American companies are too big to operate within 49 or 54 countries within Africa. They need that scope in order to develop.

So this is a very important—to be part of the economies of scale and to include Africa within its own supply chains and end this annoying reliance on the Far East, and you know what that means without mentioning any countries' names and so on.

The African countries need them because of infrastructure, as Donald Kaberuka, the president of the African Development Bank, suggested that infrastructure projects must go beyond national borders. And it is pretty obvious that they really must. So that is the third reason.

And the fourth was mentioned by one of the real icons of trade policy, Fred Bergsten, who recently retired as head of the Institute of International Economics, who said, listen, no one is going to listen to 49 countries in trade negotiations, 54 countries. You may call them cheaters. They are not cheaters; they are small. But if they were unified, people would listen to them. So from that interest, too, it is important in terms of negotiation.

So no one makes any argument, I have never heard, against regional integration. It is the one area everyone can agree on.

Run through very quickly and so on—make one other point. No one says that trade negotiations by themselves are going to get economic development. They are what we call a necessary but not a sufficient condition for growth. You have must have complimentary measures.

And, in this case, I really must compliment the chairmen and the ranking members of this committee as well as any other committee with a significant involvement in Africa in this Congress—Ways and Means Committee, the House Foreign Affairs Committee, the Senate Foreign Relations Committee, and the Senate Finance Committee—because you guys put together an unbelievable request for information to the GAO. And it goes beyond simple trade matters.

So you must look at AGOA as establishing the conditions but not—of a trade, establishing the conditions, but not assuring the free flow of goods. For that, you have to have the infrastructure development, you have to have the capacity-building, you have to have the rule of law. And your letter begins to address that. So we very much support this coordinated venture, and we hope it does continue and so on.

Let me—can I have an extra minute? Thank you.

And I won't do that New York trick of just talking faster so no one knows a word you are saying. So I will take a breath and slow up.

Mr. SMITH. Take two then.

Mr. LANDE. Let me just run through very quickly eight suggestions that might be useful. Because that is why you go hearings, to make suggestions and so on.

You need the seamless renewal—and let me emphasize—of a strengthened AGOA. Simply renewing AGOA by itself is not sufficient. We have a challenge. It takes time to put together an enhanced AGOA. We have a deadline called textiles, where people want that to be enacted very quickly because if you do not enact it in 6, 7 months before the program expires, you lose orders. So there seems to be work.

I am an optimist, and I really believe that given the bipartisan nature of Africa, as represented here, maybe we could get something finished this year. I won't say we can, but I want to have it strengthened, enhanced, and related to other policies and so on, which is extremely important. We must address some of the agricultural issues, for example. It makes no sense not to have groundnuts, sugar, and so on in there.

Number two, very quickly, let's think about empowering RECs in a new and unique way. Why don't we think about designating regional economic communities for eligibility under AGOA instead of individual countries? If regional economic communities want to take on the responsibility of assuring that U.S. conditions are met for democracy, let's do that.

Number three, you have to look at conditionalities in general. For example, no one likes what goes on in the Congo, but the idea of passing a conflict-mineral law that only helps China and Japan, that adds $6 billion to the cost of U.S. companies doing business in Africa, throws people out of work in the very areas we are trying to get stability doesn't make sense. So we have to come up with a much more targeted area for many of the things we do, recognizing that we must work with African peer groups and with other donors. Unilateral U.S. actions should only be taken as an absolute last resort.

The biggest threat to regional integration is our friends in Europe. They are pushing for preferential access by threatening to close the market to African goods while we continue AGOA. That will not only harm U.S. exports in the most vibrant and fastest-growing market in the world, but will also—but will also slow up African integration.

Ethiopia is not in the mood at the moment to open up for Europe. Maybe Kenya will be forced to, but they export a lot of products. How do you form a customs union if your major supplier, Ethiopia, has MFN duties and if Kenya is giving them zero duty?

We are urging that, perhaps working quietly with Congress, your parliamentary groups, talking to USTR, remembering that TTIP must be approved here, the Transatlantic Trade Investment Promotion agreement, we just suggest that a little bit of discussion, maybe, may have the Europeans slow up their deadline. They have an arbitrary date, July 2014. Couldn't be worse for AGOA, but we can deal with that.

Number five, South Africa, a real challenge. They have a deal with Europe where we are being discriminated against. They don't have a deal with us. We are urging that we look at this issue very carefully. We don't think South Africa should be graduated. We do think U.S. exports should be protected. We have the best USTR in years sitting there now. I think he can deal with this challenge in some kind of a way. It has to be addressed one way or the other and so on.

Number six, going very quickly, that we—and I agree with the point that was just made, that the OPIC, the MCC have to have regional programs. My partner, Tony Carroll, suggested before this body about 2 years ago that maybe we should suggest to MCC that 20 percent of their funding goes for regional projects along the way and so on.

And, again, a similar point on Trade Africa, we think is very good. We know it talks about focusing first on East Africa, then looking at other regions. We think that it should really begin to look at other regions now, particularly the type of support that USAID can give to get these negotiations finished.

So, in short, what we are saying is that, with the exception of a challenge in Central Africa, Africa has a schedule. That schedule calls for 2017 free trade, 2019 customs union. They may slip a few years, but they are going to make it. We must make sure that our policies support that, and that is done through a program that has foreign aid on—that has support of private sector, everybody on a regional level, and recognizes the fact that AGOA should be renewed in its current form, but it should aim for reciprocity, but at the time that Africa is unified to negotiate as a group.

Thank you very much. I am sorry I speeded up a drop, but your smile indicated that it was not being wasted. Thank you, sir.

Mr. SMITH. Thank you so much. And after 50 years of experience, the few extra minutes were well worth it. Thank you, Mr. Lande.

[The prepared statement of Mr. Lande follows:]

House Foreign Affairs Committee
Subcommittee on Africa, Global Health, Global Human Rights and International Organizations

Will There Be an African Economic Community?

Steve Lande, President of Manchester Trade

January 9th 2014 | 2:00 p.m. Rayburn House Office Room 2172

I am extremely honored to be here before this Committee on whether there will be an African Economic Community (AEC); testifying with specific reference to the efforts by the African Union on following global trends to form regional economic union. With over 50 years in the international trade arena; twenty of which were at the State Department and at the United States Trade Representative, I am especially gratified to comment on whether regional economic communities – RECs – are effective at promoting regional integration.

My response to this question is a simple and unequivocal 'Yes. Just visit any African international airport and observe the special queue to facilitate entry of citizens from countries that share REC membership with that country. Note the blue berets operating as part of ECOWAS to maintain peace and democracy in a West African country. Experience an almost seamless road trip on the corridor linking Mozambique with South Africa. Intra-Africa trade totals are up four fold, but look at intra-REC membership numbers and these are even higher.

Relatively, while some may complain about the slow pace of economic integration under the current schedule with missed deadlines and delays, let me point out that it took the European Union 41 years to develop from the European Coal and Steel Community (ECSC) in 1951 to the customs union in 2002. If Africa holds to its current promise, the continent will be able to attain a continental customs union in less than thirty years. Remember, unlike Africa, European countries had a long history of commerce among themselves, an integrated infrastructure, were not new countries and were driven by the desire to forestall the clear and present danger of another great European War within the 20th century.

The African Economic Community Treaty aka *The Abuja Treaty* that went into effect in 1994 envisioned the establishment of an AEC by 2028 – a body whose major component would be a customs union, a single currency and an African Parliament. Much attention, and the subject of the testimony focuses on the attainment of intermediate goals specifically a Continental Free Trade Agreement by 2017 and a Continental Customs Union by 2019.

Negotiating the CFTA and customs union is based on amalgamating into a single group the so—called Building Bloc RECs. One of these is ECOWAS, made up of fifteen Francophone, Anglophone and Lusophone countries in West Africa. Three other major RECs are located in Eastern and Southern Africa—the Common Market for Eastern and Southern Africa, COMESA), the East African Community (EAC) and the Southern African Development Community (SADC). These communities are striving to form a Tripartite Agreement, which will eliminate overlapping membership and create an entity of 27 countries from Cape Town in South Africa to Djibouti and Cairo, Egypt in the North.

But I must point out that this hearing is more fortuitous and timelier than ever before: The October 16th Extraordinary Summit of ECOWAS reaffirmed the decision that a Free Trade Agreement/Customs Union would become operational on January 1, 2015. Secondly, the chairperson of the Tripartite Task Force, Dr. Richard Sezibera, who is also the EAC Secretary General said that an agreement to put the Tripartite Group into force will be signed by June 2014. This is monumental. And although similar progress has not been achieved in Central and Northern Africa, these four RECs can provide the basis for achieving a continental level FTA and possibly even a customs union by the end of the decade. As Sindiso Ngwenya, COMESA Secretary General and incoming Chair of the Tripartite Group has intimated to us, the Tripartite Free Trade Area and its different components should be seen as contributing to the African Union's aim to establish a Continental Free Trade Agreement.

The United States - both the Obama Administration and Congress, should be pleased and proud with this progress. U.S. programs have, since the days of the Organization of African Unity (OAU) in the heady 1960s, provided and continue to provide the necessary support. For example, in *Trade Africa*, by focusing on EAC initially and anticipating work with other RECs, this sends a clear signal that the U.S. is keen on regional integration. The regional trade hubs that do much to fund the development of the RECs often coordinate technical assistance from USAID. The USTR has done its part by adding legitimacy to many of RECs through negotiating Trade and Investment Framework Agreements (TIFAs); focusing on issues of importance to both the United States and to Africa. The State Department established individual missions to each of the RECs, appointing Ambassadors, and the annual AGOA Forum has regional integration as major parts of its agenda.

In a roundabout way, there will be an African Economic Community because regional integration so important to the US. First, vibrant regional groupings have proved to be the vibrant players in ensuring stability in member countries and resisting threats to democratic institutions. Peer pressure is an effective tool particularly in West Africa where Nigeria has been in the lead in providing troops for ECOMOG, the West African peacekeeping force.

Secondly, U.S. companies need unfettered borders to operate their supply chains and distribution networks within the region. They cannot effectively operate in sub-Saharan Africa if they must operate in 48 countries - most of them much too small to do effective business.

Thirdly, the African countries themselves cannot operate within small units. Donald Kaberuka, President of the African Development Bank suggests that infrastructure projects need to go beyond national borders, and landlocked countries need access to the sea so that African commerce and finances can flow. Simply, larger economic units are often necessary to prevent single companies stifling competition.

Seminally, I am not suggesting that this is all that is needed to ensure vibrant trade in Africa. No. The removal of tariff barriers is not a silver bullet. One must make sure that customs formalities among countries do not undermine the free flow of goods. Non-tariff measures are often more restrictive of trade and are unlike tariffs, which can be removed through high- level negotiations. In regard to non-tariff barriers, one must delicately work on them; differentiating those legitimate measures to protect human, animal and plant health and consumer safety from those that are simply protectionist-motivated impediments to trade.

Finally, we must go beyond the narrow confines of trade. Regional infrastructure is required since projects often go beyond borders. Most important is the development of competitive productive capacity to allow sufficient value-added in Africa to produce competitively priced goods for African sales.

The United States of America can do more to further promote regional integration? For starters, the prompt, seamless renewal of an enhanced AGOA would ensure that the program continues to play a constructive economic role in supporting regional integration. However, such a renewal should include provisions reinforcing African efforts to meet its integration goals. The US and hopefully its trading partners will delay requests for reciprocity until the next decade to allow time for Africa to be in a position to negotiate as a group. In the interim however working under various frameworks, regional groupings should take steps to facilitate mutually beneficial commerce and investment.

In addition to trade measures, the USG must also generate a concerted policy involving financing, diplomacy, development and other areas outside of trade. We could, for instance, have a concerted approach by Congressional committees mirroring the whole-of-government approach currently in effect. Fortunately, this seems to have already found its way here considering that the Chairman and the Ranking Member of this committee and subcommittees have joined their counterparts on House Ways and Means, and the Senate Finance and Foreign Relations committees to request an exhaustive study by GAO. We also applaud plans to reintroduce H.R, 4221 which addresses aspects of US African relations other than those covered by AGOA particularly promotion of US exports and investment,

So, with our hopes and dreams already being considered, we'd like to suggest a few steps by which the Executive and Congress can support the AEC.

i. During AGOA renewal, one could consider increasing the role of the RECs. Here, we urge that instead of unilateral U.S. decisions not to designate specific REC members or to remove them, one should work in concert with the RECs to ensure that conditions amongst members are met. Nascent regional supply chains cannot operate if some countries are not eligible and other countries are removed.

ii. There's no doubt that the European Union's Economic Partnership Agreements are lopsided against the U.S. But more importantly, they throw an unnecessary spanner into the current wheels of regional integration. Thus, we'd like to suggest that any request for FTAs by third countries should be delayed until Africa has an opportunity to complete negotiations for a continental FTA and customs union. Premature negotiations with select groups make more difficult for the flow of goods across borders and the formation of a common external tariff.

    Also, fully implemented EPAs would, most definitely, impact AGOA in its present form. We know that the Africans and some groups within the EU are resisting the current EU policy of withdrawing access to their markets for non-signatories. Thus, Congress could, perhaps, help in slowing EPAs by putting a little pressure on the Trans Atlantic Trade and Investment Partnership (TTIP) negotiations.

iii. The recently negotiated WTO Trade Facilitation Agreement offers a great opportunity for Africa to adopt additional measures to facilitate trade within and among RECs. It also provides for technical assistance most likely to be supplied by the World Bank and other multilateral financial institutions, and the US should fully support at active role for the RECs in reducing such barriers.

iv. The US Congress perhaps with the Executive should congratulate the member states of the ECOWAS and the Tripartite Group over the milestones being achieved in regional integration and through a sense of Congress indicate US support for these efforts.

v. We are aware of concerns about the impact on US exports of preferences granted to the EU under the EU-South African FTA, However we believe U.S. exports will experience a more significant negative impact if South Africa is graduated tom AGOA and if forced to negotiate an FTA with the US which disrupts regional integration.

We suggest that both the U.S. and South Africa work together to minimize the impact of preferences extended to the U.S. by considering reductions in non-tariff measures, eliminating duties on products where EU preferences hurt the U.S. but benefit China and other third countries, or develop creative measures to offset the preferences.

vi. The Congressional Committees responsible for OPIC, MCC, ExIm work with the Administration should develop appropriate vehicles so that U.S. investors can have the confidence to invest in regional projects. This could involve developing with the World Bank Special Purpose Vehicles. My partner Tony Carroll has already suggested that at least 20 percent of MCC infrastructures support could be targeted to regional projects.

vii. The Administration should receive kudos for its Trade Africa initiative and adequate funding should be available to USAID, USTR, Commerce etc. to implement these programs. Also, as called for under the initiative, programs should be developed with other RECs beyond the EAC particularly with ECOWAS and the other members of the Tripartite to support the timely completion of the building bloc approach to form a continental FTA and customs union before the end of the decade. This would provide a perfect launching pad for the realization of the political and economic integration envisioned in the African Economic Community by 2028.

Once again, please accept my sincere gratitude for the opportunity to participate in this hearing.

Mr. SMITH. Dr. Quartey?

STATEMENT OF PETER QUARTEY, PH.D., SENIOR RESEARCH FELLOW, INSTITUTE OF STATISTICAL, SOCIAL AND ECONOMIC RESEARCH, UNIVERSITY OF GHANA

Mr. QUARTEY. Chairman Chris Smith and honorable members of the committee, I thank you for the opportunity to share my views on whether there can be an African regional community, with a specific focus on ECOWAS. I approach this topic based on my 20 years professional experience. Although I work with one of the leading think tanks in Africa, the views expressed here are entirely mine.

Mr. Chairman, in addressing the question whether there can be a regional economic community in Africa, I would like to focus on the achievements and challenges of ECOWAS, and hopefully this would inform the discussion on whether an Africa-wide community is feasible.

ECOWAS, as some of you may know, has created a number of benefits to its member states, including, first, the maintenance of peace and security in the region, whereby the community serves as a peacekeeping force in the region; secondly, the promotion of free movement of people and goods between member states. And examples of this includes 90 days visa-free entry for members, the ECOWAS trade liberalization scheme and customs union. Mr. Chairman, also the integration of the agricultural base to promote food security is one of the achievements of ECOWAS, where we can make mention of the ECOWAS Common Agricultural Policy, which was instituted in 2005.

We can also talk of the West African Common Industrial Policy. Creating a favorable business environment is also one of the achievements. We have what we term the ECOWAS Business Council, which is a regional, private-sector advisory body to ECOWAS policymakers. Reducing the procedures for registering a business, the number of days required to register a business, and reducing the cost of doing business dramatically have been the other achievements.

Mr. Chairman, another achievement includes measures to improve the physical infrastructure. And some specific examples are the Regional Trade Facilitation Program, where member states improve the road network linking other member states. We can also talk about the West African Gas Pipeline project as well as the West African Power Pool Project, where power will be shared between energy-deficit and energy-surplus member states.

Mr. Chairman, I would at this point outline some of the challenges facing ECOWAS. First, there are threats to regional peace and security due to political instability and internal conflicts. Secondly, the monetary integration is farfetched, as the six member states have been unable to meet the convergence criteria.

The lack of well-structured and resourced institutions have also affected the operations of ECOWAS. Limited financial resources, as well as impediments to trade, and cases of harassment at the various borders continue. The high cost of business among member states is also reported as one of the challenges faced by the

ECOWAS community. The “Doing Business” reports, for instance, ranked Ghana 128 out of 189 countries.

Lastly, Mr. Chairman, the poor cross-border infrastructure and weak institutional and human capacity has affected the operations of ECOWAS.

So, based on the achievements and challenges outlined above, Mr. Chairman, I am of the conviction that achieving an African regional community is possible, but that is an uphill task.

Promoting integration in Africa will bring enormous benefit to the region as well as to the region’s partners. Integration, in short, would help Africa better police itself. The United States will stand to benefit from the collective fight against instability and terrorism if we promote regional communities in Africa. Also, Mr. Chairman, U.S. firms already in the region and potential ones who have a business environment to operate and secure their investments.

The AGOA initiative as well as other initiatives of the USAID West Africa Trade Hub are better able to facilitate businesses in the subregion and access U.S. markets with greater integration. Mr. Chairman, integration would enhance the size of the African markets, and U.S. companies already operating in the region can expand output and employ more people, including Americans.

In conclusion, Mr. Chairman,promoting regional integration will enhance the regional markets of African countries, would promote trade in the region, and facilitate peace and security. But this will require the support of the international community, especially the United States.

Thank you very much.

Mr. SMITH. Dr. Quartey, thank you very much for your testimony.

[The prepared statement of Mr. Quartey follows:]

House Committee on Foreign Affairs, Subcommittee on Africa, Global Health, Global Human Rights, and International Organizations

Hearing on the question "Will there be an African Regional Community?"

January 9, 2014

Peter Quartey[1]
Senior Fellow, Institute of Statistical, Social and Economic Research
University of Ghana, Legon

Chairman Chris Smith and honorable members of the committee, thank you for the opportunity to share my views on whether there can be an African Regional Community. I approach this topic based on my professional experience as a development economist with over 10 years of experience in undertaking independent research that informs policymaking in Africa. Although I work with one of the leading think tanks in Africa, the views expressed here are entirely mine.

After most African countries gained political independence in the 1960s, the desire for regional integration was very strong. This goal was pursued vigorously and to date, African countries have many Regional Economic Communities (RECs) as a result. They include the Economic Community of West African States (ECOWAS) founded in 1975; the Southern African Development Community (SADC) founded in 1992; the Common Market for Eastern and Southern Africa (COMESA) founded in 1994; the Arab Maghreb Union (AMU) founded in 1989; the Community of Sahel-Saharan States (CEN-SAD) founded in 1998; the Economic Community of Central African States (ECCAS-CEEAC) founded in 1981; the Intergovernmental Authority on Development (IGAD) founded in 1986, etc.

A number of countries in Africa are members of more than one regional integration initiative. For instance, Tunisia is a member of ECOWAS and AMU; Angola belongs to both COMESA and ECCAS; and Senegal and Togo belong to UEMOA and ECOWAS. This situation has been described as a 'Spaghetti Bowl'[2] and often leads to the lack of harmonization of policies and activities.

REC	MEMBERSHIP
ECOWAS	Benin, Burkina Faso, Cape Verde, Cote D'Ivoire, Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo
SADC	Angola, Botswana, DRC, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia, Zimbabwe

[1] Email: pquartey@ug.edu.gh
[2] See p.34, Woodrow Wilson International Center for Scholars. Africa Program. October 2008. *African Regional and Sub-Regional Organizations: Assessing their Contributions to Economic Integration and Conflict Management*

COMESA	Burundi, Comoros, DRC, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, Seychelles, Madagascar, Malawi, Mauritius, Rwanda, Sudan, South Sudan, Swaziland, Uganda, Zambia, Zimbabwe
AMU	Algeria, Libya, Mauritania, Morocco, Tunisia
CEN-SAD	Benin, Burkina, Faso, CAR, Chad, Cote d'Ivoire, Djibouti, Egypt, Eritrea, The Gambia, Ghana, Guinea Bissau, Liberia, Libya, Mali, Morocco, Niger, Nigeria, Senegal, Sierra Leone, Somalia, Sudan, Togo, Tunisia
ECCAS-CEEAC	Angola, Burundi, Cameroon, CAR, Chad, Congo (Brazzaville), DRC, Equatorial Guinea, Gabon, Rwanda, Sao Tome et Principe
IGAD	Djibouti, Eritrea (suspended), Ethiopia, Kenya, Somalia, Sudan, Uganda

Regional Economic Communities in Africa – the Case of ECOWAS

Mr. Chairman, in addressing the question whether "there can be a regional economic community in Africa?" I will like to focus on the achievements and challenges of ECOWAS and hopefully this will inform the discussion on whether an African-wide community is feasible.

The ECOWAS initiative has yielded significant positive outcomes, especially in the areas of peace and security, trade and the free movement of people and goods in the region. More specifically, ECOWAS has created a number of benefits to its member states including:

- **The maintenance of regional peace and security**: The community serves as a peacekeeping force in the region. For instance, ECOWAS played a credible and effective role in regional peacekeeping operation through the ECOWAS Ceasefire Monitoring Group's (ECOMOG) operations in Liberia, Guinea Bissau, Cote D'Ivoire and Sierra Leone.

- **Promotion of free movement of people between member states**: There have been efforts to ease the difficulty involved in the free movement of goods in the region. For instance, visa requirements for citizens of member states have been abolished allowing citizens to stay for 90 days in any member country visa-free. The borders of ECOWAS countries are increasingly open (to the citizens of member countries) relative to the borders of non-member countries. In 2000, over 55 per cent of immigrants in Ghana were citizens of ECOWAS countries.[3] Furthermore, greater mobility is good economics: it is likely that this freedom of movement has resulted in the increasing volume of trade between Ghana, Togo, Nigeria and Cote D'Ivoire in recent years.

- **Promotion of Food Security:** The operations of the RECs and ECOWAS, in particular, are designed to eliminate the challenges involved in transporting agricultural products. The ECOWAS Common Agricultural Policy (ECOWAP) was instituted in 2005 and the

[3] Quartey, Peter. *Migration in Ghana: A Country Profile 2009*. International Organization for Migration, 2009.

West African Common Industrial Policy was instituted in 2008. The policies described in these documents ensure the movement of goods from surplus to deficit countries in the sub-region; reduce commodity price fluctuations; improve the agricultural sector's productivity; promote the competitiveness of agricultural exports; and increase farmers' income.

- **Creating a Favorable Business Environment:** ECOWAS also aims to create a favorable business environment to ensure that private enterprise is effectively supported and sustained. The creation of an ECOWAS Business Council, a regional private sector advisory body, is one major policy initiative towards this end. As a result of the efforts of groups like this council, ECOWAS and its member countries have made important strides towards improving the overall regional investment climate. According to the *2004 Doing Business Report* Ghana was cited as requiring 11 "procedures"[4], roughly 37 days to register a firm, and a cost of 80 percent of the country's per capita income.[5] Ten years later, the *2014 Doing Business Report* showed that Ghana had improved on all three of these dimensions. The number of procedures was down to 8, the time required to register business had decreased to 14 days, and the cost had shrunk dramatically to 15 percent of the country's per capita income.[6]

- **Strengthening Physical Infrastructure:** The Regional Transport Facilitation Programme aims at (i) an improvement in customs procedures; (ii) the construction of a West African highway with a total of 11,000 km (about 6920 miles) of roads; (iii) the construction of joint border posts and (iv) an improvement in air transport; and (v) the establishment of the West African Gas Pipeline and West African Power Pool project. The development of the West African Gas Pipeline, in particular, is one of the key infrastructural projects carried out by ECOWAS to benefit member states. Its importance to Ghana is clear: when the pipeline went offline a number of months ago, it caused a serious disruption in the flow of energy to the country.

Challenges facing ECOWAS

Despite the success stories, the community faces a number of challenges, which are likely to hinder the effective execution of its functions and the realization of its purpose.

- **Threat to Regional Peace and Security**: The region is still home to ongoing military operations and political instability despite national, regional and international conflict prevention and resolution efforts. (Mali and Cote D'Ivoire are notable examples in this regard.) This insecurity is a threat to greater cooperation between nations, as the presence of conflicts in West Africa has spill-over effects across national boundaries. Therefore, recent activities of armed groups such as Boko Haram and the Tuareg rebels present serious threats to regional cooperation and integration. ECOWAS has responded well to

[4] Procedures are defined as "interaction[s] of the company founders with external parties for example, government agencies, lawyers, auditors or notaries."

[5] This cost includes "official fees and fees for legal or professional services if such services are required by law."

[6] World Bank. *Doing Business 2014 Understanding Regulations for Small and Medium-Size Enterprises*. World Bank 2013.

these threats, especially those that threaten the political stability of member states. It is, however, yet to establish strategies to fight terrorism in the region.

- **Monetary Integration Challenges**: ECOWAS aims to create an economic and monetary union with a common currency, called the "ECO", by 2020. The countries involved are Guinea, Gambia, Liberia, Ghana, Nigeria and Sierra Leone. Attempts to have a single currency have been fraught with difficulties, however. Many of the member states are unable to meet the convergence criteria. In 2011, none of the member states were able to achieve all four primary convergence criteria ("single-digit inflation, external reserves in months of import cover, fiscal deficit excluding grants/GDP ratio and central bank financing of fiscal deficit as a percentage of previous year's tax revenue").[7] Ghana, for its part, was able to realize only one criterion (the inflation single digit inflation target). Thus, the dream of a single currency to reduce currency conversion costs and facilitate trade remains a distant prospect.

- **Lack of well-structured and resourced institutions:** ECOWAS lacks the kind of institutional structure and managerial skill to formulate and implement important programs. It lacks the authority and adequate resources to take firm decisions that enhance integration and to ensure the implementation of these decisions. Part of the problem is caused by a system in which the head of the Commission is chosen based on a predictable rotational system, rather than strictly on competence.

- **Limited Financial Resources**: ECOWAS has a major funding problem. Since its activities are funded from the contributions of member states, the reluctance of members to pay their contributions (on time or on any time-frame) affects the ability of the community to undertake, monitor and evaluate projects.

- **Impediments to Trade Still Exist**: Despite the ECOWAS protocol on the removal of trade barriers, there are still several impediments to trade, including non-tariff barriers. For instance, ECOWAS has made only limited progress in reducing the number of road checks and security clearances that traders face across borders. If the move towards the creation of a single currency is to be seriously considered, such barriers should be removed.

- **High Cost of Doing Business among member states**: Weak institutional frameworks, high cost of transportation, poor communication and infrastructure facilities all impede the free flow of goods and services among countries in the region. In the *2014 Doing Business Report*, Ghana is ranked a mediocre 128th out of 189 countries.

- **Poor Cross Border Infrastructure and Weak Institutional and Human Capacity**: The African Development Bank[8] revealed that inadequate cross-border infrastructure and weak institutional and human capacity are the most important barriers to integration in

[7] Ministry of Finance. Republic of Ghana. *The 2013 Budget Statement and Economic Policy*
[8] African Development Bank. *2011 Annual Report*. Tunis, Tunisia

West Africa. These issues constitute a major impediment to regional integration and economic growth in the region.

Will there be an African Regional Community?

These regional groupings were all set up with a common goal, i.e. to expand regional markets and make member states more competitive in global trade. Furthermore, RECs are supposed to serve as the cornerstone of the AU mission to address conflict, promote political stability and accelerate economic integration within the continent. The extent to which these aims have been achieved is varied. Nonetheless, based on the achievements and challenges outlined above, I am of the conviction that achieving an African Regional Community is possible, though is an uphill task.

The USA and regional integration in West Africa

Promoting integration in Africa will bring enormous benefit to the region, as well as to the region's partners. Integration will help Africa better police itself, which will benefit the United States and its allies in the collective fight against instability and terrorism. Integration will help facilitate business in the sub-region and help its goods access US markets, perhaps through the Africa Growth and Opportunity Act (AGOA).

Conclusion

Promoting regional integration will enhance the regional markets of African countries; it will promote trade in the sub-region; and it will facilitate peace and security. Attempts to strengthen these communities have to meet several challenges, however, and therefore require the support of the United States and its allies. This assistance will go a long way in enhancing personal livelihoods, reducing civil strife, promoting peace and stability in the region, and fighting terrorism and organized crime.

Mr. SMITH. Now, Dr. Schneidman.

STATEMENT OF WITNEY SCHNEIDMAN, PH.D., NONRESIDENT FELLOW, AFRICA GROWTH INITIATIVE, THE BROOKINGS INSTITUTION

Mr. SCHNEIDMAN. Chairman Smith, Ranking Member Bass, and members of the committee, thank you for this opportunity to address the question, will there be an African economic community?

It is not possible to know precisely when or even if the eight regional economic communities that are recognized by the African Union will fully integrate into one. After all, the Abuja Treaty of 1991 envisioned the establishment of an African economic community by 2028. More recently, in January 2012, African heads of state committed to the creation of a continental free-trade area by 2017, although the date was described as "indicative."

The decision by the African leaders to bring forward by 11 years the date for the continent's economic integration is nevertheless important. It demonstrates that regional, commercial, and economic integration is a priority for the governments across the region. The accelerated date is also a recognition that the emergence of regional markets is central to Africa's integration into the global economy and, ultimately, the acceleration of job creation and improvement in the quality of life and the eradication of poverty across the continent. It is also a recognition of the reality that greater integration will enhance efficiency and transparency and strengthen governance more broadly.

In fundamental respects, therefore, an African economic community is both an aspiration and a tangible goal that is essential to work toward. Therefore, dates, such as 2017, are not as important as is our focus on the progress, or lack thereof, that is being made toward the development of regional markets and the free flow of goods, peoples, and services.

So where are we in this process? It is apparent that progress toward regional markets is being made. However, like other trends on the African continent, progress is incremental, in many cases measurable, but it is not uniform.

For example, the three regional organizations of North Africa have yet to harmonize activities and progressively eliminate tariff and non-tariff barriers. This was supposed to have been completed in 2007, according to the Abuja Treaty. In contrast, the East African Community is the only regional economic community to have achieved a free-trade area and a customs union among its five members, 3 years ahead of the 2017 date provided by the Abuja Treaty. Moreover, the East African Community; the Common Market for East and Southern Africa, COMESA; and the Southern African Development Community, SADC, have created a tripartite free-trade area which brings together 26 African countries with a combined population of 600 million and a GDP that is close to $1 trillion.

However, further steps have to be taken to ensure that the FTA is a reality. For example, an American businessman recently told me that he would rather pay the extra duty in shipping his goods from one SADC country to another rather than go through the paperwork and other delays of applying for tariff exemptions for which his products qualified.

Against this backdrop, it is unlikely that the continental free-trade area will be achieved by 2017. Nevertheless, there can be no dispute about the importance of continuing to work toward these objectives. For example, a recent study by the ILO and UNCTAD contends that if an effective continental free-trade area were created by 2017, the share of intra-Africa trade would grow by 52 percent over a 12-year period, rising from 10.2 percent in 2012 to 15.5 percent in 2022.

The message here is that the impact of regional integration on individual countries, regions, and sectors varies. Another message is that where progress on regional integration could be achieved, it should be pursued. At the same time, this does not mean we should give up on the goal of a continental free-trade area. There is no region in the world where progress is uniform. It does suggest that African governments should be held accountable to their commitment to implement trade reforms and regional economic integration.

For example, 4 years ago, the Governments of Zimbabwe and Zambia signed an MOU to create a one-stop border post at Chirundu, on the border between the two countries. As a result, commercial vehicles now clear the border within hours instead of days. In fact, on the Zambia side alone, it has been estimated that tax collection has increased from $10 million to $20.3 million a month. So one has to ask, why are there not more one-stop border posts throughout SADC, COMESA, and EAC?

Finally, it is important to note that in the U.S. strategy toward sub-Saharan Africa that the Obama administration released in 2012, promoting regional integration is put forward as a priority. In fact, through Trade Africa, an initiative announced during President Obama's visit to Tanzania last year, the administration hopes to launch negotiations on an investment treaty between the U.S. and the East African Community. This is a vital initiative that could significantly deepen commercial relations with East Africa and lay the groundwork for a deeper commercial relationship with the continent while also fostering more regional integration.

In Bali last month, members of the WTO reached a very significant agreement on trade facilitation in which member states agreed to adopt reforms, especially as it concerns customs processes and procedures. The U.S. needs to ensure that enhanced trade facilitation remains a priority in its dialogue with its partners on the continent, be it in the context of the East African investment negotiations or the implementation of AGOA.

My last point, if I may, reflects a spirited conversation that I had in late December with the leaders of our three trade hubs from Accra, Nairobi, and Botswana, which are sponsored by USAID. For the last 10 years, their role has been to help African companies take advantage of AGOA. Yet times are changing, as impressive economic growth takes hold across the continent and Africa's middle class continues to expand. U.S. exports to the region also continue to grow, last year exceeding $21 billion, which translates into the support for more than 100,000 jobs here in the United States.

Our trade hubs increasingly are playing a critical role in facilitating two-way trade. This is good for American business in Africa, it is good for regional integration, and it is good for economic development on the continent. It also helps to transform the U.S.-African relationship from that of donor-recipient to one characterized by partnership and mutual benefit.

Yet, like all good things, resources are required. I urge you, therefore, to invest in these trade hubs as you and your colleagues work to fund U.S. priorities on the continent and we all work together to deepen the U.S.-Africa commercial relationship and build Africa's economic community.

Thank you.

Mr. SMITH. Dr. Schneidman, thank you very much for your testimony, as well.

[The prepared statement of Mr. Schneidman follows:]

Testimony of Dr. Witney Schneidman

Senior International Advisor for Africa, Covington & Burling LLP
&
Nonresident Fellow, Africa Growth Initiative, Brookings

before the

House Committee on Foreign Affairs

Subcommittee on Africa, Global Health, Global Human Rights, and International Organizations

"Will There be an African Economic Community?"

Thursday, January 9, 2014

Chairman Smith, Ranking Member Bass, and Members of the Committee, thank you for this opportunity to address the question: Will there be an African economic community?

It is not possible to know precisely when or if the eight regional economic communities that are recognized by the African Union will fully integrate into one. After all, the Abuja Treaty of 1991 envisioned the establishment of an African Economic Community by 2028.

More recently in January 2012, African heads of state committed to the creation of a Continental Free Trade Area by 2017, although the date was described as "indicative."

The decision by African leaders to bring forward by 11 years the date for the continent's economic integration nevertheless is important. It demonstrates that regional commercial and economic integration is a priority for governments across the region. The accelerated date is also a recognition that the emergence of regional markets is central to Africa's integration into the global economy and, ultimately, the acceleration of job creation, an improvement in the quality of life and the eradication of poverty across the continent. It is also a recognition of the reality that greater integration will enhance efficiency and transparency and strengthen governance more broadly.

In fundamental respects, therefore, an African economic community is both an aspiration and a tangible goal that is essential to work toward.

Therefore, dates such as 2017 are not as important as is our focus on the progress, or lack of progress, that is being made toward the development of regional markets and the free flow of goods, people and services.

So where are we in this process?

It is apparent that progress toward regional markets is being made. However, like other trends on the African continent, progress is incremental, in many cases measureable, but it is not uniform.

For example, the three regional organizations of North Africa, the Inter-Governmental Authority on Development (IGAD), the Community of Sahelo-Saharan States (CEN-SAD), and the Arab Maghreb Union (AMU) have yet to coordinate and harmonize activities and progressively eliminate tariff and non-tariff barriers. This was supposed to have been completed in 2007.[1]

In contrast, the East African Community is the only regional economic community to have achieved a Free Trade Area and Customs Union among its five members, three years ahead of the 2017 date provided for by the Abuja Treaty.

Moreover, the East African Community, the Common Market for Easter and Southern Africa (COMESA) and the Southern African Development Community (SADC) have created a Tripartite Free Trade Area, which brings together 26 African countries with a combined population of 600 million and a GDP that is close to $1 trillion. However, further steps have to be taken to ensure that the FTA is a reality. For example, an American businessman recently told me that he would rather pay the extra duty in shipping his goods from one SADC country to another, rather than go through the paper work and other delays of applying for tariff exemptions for which his products qualified.

Against this backdrop, it is unlikely that a Continental Free Trade Area will be achieved by 2017. Nevertheless, there can be no dispute about the importance of continuing to work towards these objectives.

For example, a recent study by the ILO and UNCTAD contends that if an effective Continental Free Trade Area were created by 2017, the share of intra-African trade would grow by 52 percent over a 12 year period, rising from 10.2 percent in 2012 to 15.5 percent in 2022.[2]

The message is that the impact of regional integration on individual countries, regions and sectors varies. Another message is that where progress on regional integration can be achieved, it should be pursued. At the same time this does not mean we should give up on the goal of a Continental Free Trade Area. There is no region in the world where progress is uniform. It does suggest that African governments should be held accountable to their commitment to implement trade reforms and regional economic integration.

For example, four years ago the governments of Zimbabwe and Zambia signed an MOU to create a 'one-stop border post' (OSBP) at Chirundu on the border between the two countries. As a result, commercial vehicles now clear the border within hours instead of days. In fact, on

[1] Report on Afrca's Regional Integration Agenda, Economic Commission for Africa, E/ECA/CTRCI/8/1, 6 September 2012.
[2] "Towards a Continental Free Trade Area in Africa: A CGE Modelling Assessment with a Focus on Agriculture," found in *Shared Harvest: Agriculture, trade, and Employment,* edited by Cheong, D.; Jansen, M., and Peters, R. International Labour Office and United Nations Conference on Trade and Development, 2013, p. 297.

the Zambian side alone, it has been estimated that tax collection has increased from $10 million to $20.3 million a month.[3] So one has to ask why are there not more one-stop border posts throughout SADC, COMESA and the EAC?

Finally, it is important to note that in the *U.S. Strategy toward Sub-Saharan Africa* that the Obama Administration released in June 2012, promoting regional integration is put forward as a priority. In fact, through Trade Africa, an initiative announced during President Obama's visit to Tanzania last year, the Administration launched negotiations on an investment treaty between the U.S. and the East African Community. This is a vital initiative, that could significantly deepen commercial relations with East Africa and lay the groundwork for a deeper commercial relationship with the continent while also fostering more regional integration.

In Bali last month, members of the WTO reached a very significant agreement on trade facilitation in which member states agreed to adopt reforms, especially as it concerns customs processes and procedures, to enable goods to move more freely, regionally and globally. The U.S. needs to ensure that enhanced trade facilitation remains a priority in its dialogue with its partners on the continent, be it in the context of the East African investment negotiations or the implementation of the African Growth and Opportunity Act.

My last point reflects a spirited conversation that I had in late December with the leaders of our three trade hubs from Accra, Nairobi and Botswana which are sponsored by USAID. For the last ten years, their role has been to help African companies take advantage of AGOA. Yet times are changing as impressive economic growth takes hold across the continent and Africa's middle class continues to expand. US exports to the region also continue to grow, last year exceeding $21 billion, which translates into support for more than 100,000 jobs in the US.

Our trade hubs increasingly are playing a critical role in facilitating two-way trade. This is good for American business in Africa, it is good for regional integration and it is good for economic development on the continent. It also helps to transform the US-African relationship from that of donor-recipient to one characterized by partnership and mutual benefit. Yet like all good things, resources are required. I urge you, therefore, to invest in these trade hubs as you and your colleagues work to fund US priorities on the continent and we all work together to deepen the US-Africa commercial relationship and build Africa's economic community.
Thank you.

[3] "Challenges at Chirundi One-Stop Border Post," Sean Woolfrey, September 25, 2013; www.tralac.org/2013/09/25/chalenges-at-chirundu-one-stop-border-post.

Mr. SMITH. Very useful and very timely suggestions from all of you, and it really will help us to be more proactive and to play our role, which we are very earnest to do. And thank you so much for taking the time to put together such outstanding testimony and for your service on behalf of humanity and on behalf of these initiatives in particular.

Let me ask you just a few questions, and I will yield to my colleagues. We will expect a vote in about 45 minutes, so I want to make sure, since we have four, five of us here today, that we all get a chance to ask. So I will lay out my questions and then ask you to answer and then go to my friend and colleague, Karen Bass.

With regards to the efforts by the United States Government to encourage regional integration, what programs have actually made a measurable difference? Are there things that we have not done?

I know, Mr. Lande, you gave us a list of some eight specific things, and I wrote them down. And I am sure all of us will be looking at how we can, but are there any gaps that need to be filled right now to ensure the greater probability of success?

The issue of transportation is always very important. It was Eisenhower who recognized that superhighways were one of the keys of very robust infrastructure, creating highways to get goods to market and to consumers.

Over the many years, you, Mr. Lande, have promoted the use of the regional Millennium Challenge Account grants, only to be told that those grants require more accountability than the regional economic community could provide. And I wonder if you are seeing any kind of benign flexibility on the part of the Millennium Challenge Corporation to try to make this work so that, again, the sooner we get to the point where there is a very robust infrastructure, economic growth can proceed much more effectively.

With regards to the rollout of the European Union, we all watched with some baited breath as the euro came on line and there was mistake after mistake. Are those lessons learned by what has happened on the European continent being utilized in this context of Africa?

And, Mr. Schneidman, you pointed out that reaching the target date of 2017 is important, but we need to recognize progress itself; it may slip a few years.

My question would be—a couple of things. One, you mentioned that the U.S. regional trade hubs in Africa managed by the U.S. Agency for International Development have had a positive impact, and you encourage Congress to continue funding them. The budget is almost done, and I think it is going to happen. But can you cite me some examples of success that these trade hubs have achieved so that we have something very tangible that we can talk about?

Please proceed.

Dr. Sy?

Mr. SY. If I may answer the questions on the lessons from the European crisis, I think one key lesson from the European crisis is that financial integration comes with costs and benefits.

In most African RECs, we are not yet at that level of high financial integration. But the key lessons is that, once that step will be reached to make sure that when financial flows from rich countries go to poor countries, that those flows go to productive investments, they increase productivity, and that, also, fiscal discipline is observed by the members.

So, so far, we can, in the roadmap, when we are strengthening the institutions for integration, keep these lessons in mind.

Mr. SMITH. Is there a concern, Dr. Sy, that, like in the European Union, like in the case of the Germans and others who were providing a great deal of financial assistance to places like Greece, that Nigeria and South Africa might be less forthcoming in this whole integration process if they think they are going to bear a burden?

Mr. SY. Yes, so this is a good question, because if you take the case of Nigeria, it is a major oil exporter; whereas, other members in the RECs are not oil exporters. Nigeria is much larger. So when there will be basically an arbitrage between the costs and the benefits of actions by Nigeria, there will be the need to have a very strong and independent common central bank.

So strengthening the institutions, the regional institutions, will be really key. And there will be also a need for Nigeria to have more fiscal discipline, too.

Thank you.

Mr. SMITH. Thank you.

Mr. Lande?

Mr. LANDE. You asked a very full set of questions, so let me respond to a few of them and see if we can be helpful.

Mr. SMITH. Okay.

Mr. LANDE. First, as to what the U.S. Government can do and so on.

One, it is very clear to me that there are two separate levels of regional integration. One is what you call the trade regime. We talk about a lot for tariffs; we have made the point that they are moving along very nicely. However, there is never any credit given to Africa. It is always, to quote one of the best USTRs we ever had, Bob Strauss, years ago, and so on, when he said, you can either look at the glass half-full or half-empty. And these particular dates, the fact that they are set should receive something, maybe a sense of Congress. I am not sure what you would do, but at least they should be recognized they are moving along.

The idea that every single REC is going to be ready for integration by 2017 won't take place. But what I was arguing was, if you focus on the trade policy RECs, if you get ECCAS, Central Africa, somehow involved, you have a shot at making the deadline, maybe some kind of a derogation for the Maghreb and then—not the same close integration. So they are possible there.

Trade involves four things: One, tariffs, trade facilitation. Witney is 100 percent correct, and let's focus on it. We now have World Bank money committed, available to promote trade facilitation. Africa is invited to sign those agreements. A quick aside, they have no role for regional economic communities, so they should have one. But that is sitting there.

Number three is rules of origin is being addressed. And number four, very quickly, are non-tariff measures. They are impossible. You know, we even have non-tariff measures in the States. You try to bring some fruit into California, and I think Congresswoman Bass might remember that. You know, the Europeans, you try to bring some French wine into Italy or Italian wine into France, I mean, it looks like blood on the street.

So non-tariff measures are slow. Do not judge regional integration. They have to be removed like teeth, one by one, with a lot of pain every time they disappear. Maybe you don't want the remove your teeth. But that is trade, I think, is on a good thing.

Then the second thing is, how do you do the gaps? Don't judge African integration because they don't have a transportation link. They will have that. Let's get the structure.

Here again, MCC has a problem, Export-Import Bank has a problem, because their basic rules call for assurance of capital support, that money will be paid back. None of our competitors have that when it comes to Africa. Africa will pay back. Africa pays 19 percent, a much higher rate, but they have more losses. So somebody has to begin going to Export-Import Bank, somebody has to begin going to MCC and say, we need special-purpose vehicles because we are talking about regional things.

You may have to take a little more risk in Africa. That is why your letter is so crucial, because you asked that question, the eight committees. Maybe we have to get Financial Services in there. But if you could begin to address those problems—what are our competitors doing, what are we doing—we can make some progress along the way.

Africans have said transportation, energy, capital markets, welcoming environment for investment, two or three other things, yes, they have to be looked at, but let's keep those issues separate from the trade regimes that we are really working on to move forward and so on.

Let me stop there, because I can go on, but I think it is time and other people—thank you.

Mr. SMITH. Dr. Quartey or——

Mr. QUARTEY. Thank you very much, Mr. Chairman.

I would just want to focus on the MCA, the Millennium Challenge Account, and to what extent is the U.S. intervention making a marked difference.

Two specific areas can be mentioned in the case of Ghana. One is we have the George Walker Bush Highway, one of the excellent road constructions that the country has benefited from. It has eased trade flows, it has eased traffic, and it has made livelihoods much better within the community.

Then we can talk of storage out of the Millennium Challenge Account compact. There was a silo that was built at the airport to store nontraditional exports, like pineapple, paw paw, and many others. And it is quite important. It made a lot of improvements in exports to Europe and other places.

Lastly, good governance. I mean, the condition that there has to be good governance for countries to benefit from the compact actually serves as a peer pressure to other African countries to try to promote good governance within the country. So I think this is an area that we can talk of tremendous improvement.

What we want to see would be long-term commitments to some of these projects that is not—the compacts are more integrated into long-term development plans of the regional communities so that we will see much more development. That will also link the various member states of the regional countries.

Thank you very much.

Mr. SCHNEIDMAN. Thank you, Mr. Chairman. Let me respond to some of these questions.

What programs have actually made a difference? I think there have been a number of programs that have focused on computerizing border crossings, programs that I would say are incremental. What we haven't seen is transformational programs. And I think that is the critical difference.

And, for instance, in my testimony I referred to the one-stop border post. And so I think the challenge in front us is how do we get behind one program that really will be transformational and how do we set goals so in 5 years we know that there will be 40 of these one-stop border posts throughout this region and we can measure the difference that it makes.

Secondly, I am very interested in your reference to President Eisenhower and the development of our highway network. It is a very important question and analogy. But remember, that was within one country. I think what we are talking about is cross-border. And there comes the sovereignty issue.

The World Bank has had a very difficult problem with this. You can take the example of Tanzania, which has received an $850 million compact. But Kenya is not an MCC country, Uganda is not an MCC country. So there are constraints.

And so I think what Steve was referring to, can we be creative, can Congress and the administration come up with mechanisms and criteria that would enable these programs to address cross-border roads or cross-border rails or cross-border power and utility services, I think that really has to be part of our conversation.

In terms of the lessons of the euro, I think the European experience is being overshadowed, frankly, by these economic partnership agreements which the EU is trying to jam down the throat of many African governments. I don't think there is any other way to put it than that. And I think, you know, Africa is really struggling to come to terms with that, and that is all they can see. And it is a really important issue for the U.S. as we go to think about the renewal of AGOA, as well. And in terms of citing examples of the trade hubs, with my colleague Zenia Lewis at Brookings, we did a study in 2012 where we have data on the amount of trade that has been increased. And I will make sure that you get a copy of that.

Suffice it to say that these trade hubs are important. Not only have they increased trade, but some of them have done something else that is important. In West Africa, the trade hub is sort of a backbone for a framework of trade initiatives that reach out through the region. And I think they have provided a blueprint for the way forward—a way forward to deepen our knowledge of African markets, our access to African markets, and to start providing two-way assistance, not only for Africans exporting to the U.S., but for U.S. companies coming into the regional market.

Ms. BASS. Thank you very much.

Actually, I would like to continue on with the trade hubs. And you mentioned that more investment was needed, and I wanted to know what you meant by that.

And then, also, if you could—you know, the trade hubs, to me, are a little bit of a mystery. In looking at some of them and seeing that USAID essentially has contracted with businesses, it is just not clear to me exactly what they do, what they are. And maybe you could focus on one specific example.

Mr. SCHNEIDMAN. So the trade hubs were created with the African Growth and Opportunity Act and are part of the funding mechanism. There are three, as you know and as I referred to.

Part of the problem is that, up until now, you are right, they have contracted out to different consulting agencies. And the trade hubs are doing three different things, really. There is not a uniform—up until now, there has not been a uniform strategy for these hubs. I think that is changing, but it bears watching very closely.

The reason I say that it deserves more investment is that, traditionally, investments in the economic and commercial programs in Africa are at the bottom of the barrel. Obviously, health has been a critical factor, education has been a critical factor. But, again, times are changing, and I think we need a fresh look.

We have to ask, do we need to invest more in our capacity to serve American business on the continent? And I would argue that we do for many reasons. First off, when you look at China, they have some 150 commercial officers across the continent. How many do we have? I don't even think it is at 10 these days.

So what is the forward point of our commercial engagement? It is these trade hubs. You know, Commerce has sort of receded from a presence in the region over the last decade, and the trade hubs provide a framework for serving U.S. business, for continuing to work with African companies as they seek to trade throughout the African region and export to the U.S.

And I think the Foreign Service Nationals there who work in these trade hubs know these markets better than anybody else and, I think, are a real resource that can be tapped into. And that is why I emphasize it.

Ms. BASS. So if I go to an Embassy, there is a sign there that says "Trade Hub"——

Mr. SCHNEIDMAN. No.

Ms. BASS [continuing]. And there is a person there?

Mr. SCHNEIDMAN. No. In Accra, you would go to the Trade Hub.

Ms. BASS. And that is an office, and it is called U.S. Trade Hub.

Mr. SCHNEIDMAN. It is a dedicated office. And in Nairobi it is a dedicated office, and in Botswana it is a dedicated office.

Ms. BASS. And there is a person in there who, if I want to go in and I want to start a business, I don't know, manufacturing houses, modular houses——

Mr. SCHNEIDMAN. No, they would not be able to help you with that. Because their charter, to now, has just been to help African companies export to the U.S. under AGOA. To understand how to build houses there, you would have to go to the Commerce Department or the Commerce official in Nairobi, South Africa——

Ms. BASS. So I don't go to that office, I go back to the Embassy?

Mr. SCHNEIDMAN. Yeah, you go back to the Embassy.

Ms. BASS. Uh-huh.

Mr. SCHNEIDMAN. So what I am saying is that we need to harmonize this stuff.

Ms. BASS. Right.

Mr. SCHNEIDMAN. We need a one-stop shop. We are talking about one-stop border posts? We need a one-stop shop for U.S. trade facilitation and investment facilitation in Africa.

Ms. BASS. And so I go to this trade hub, this office, and who monitors the contract that I have? I am running the trade hub now. Who is monitoring me to make sure that I am doing what I am supposed to do?

Mr. SCHNEIDMAN. USAID is.

Ms. BASS. And am I obligated to produce, what? Am I obligated to have, you know, 20 businesses from the U.S. do business on the continent? Or what is the measurement?

Mr. SCHNEIDMAN. Well, again, helping U.S. business is not part of the mandate of trade hubs.

Ms. BASS. Oh, I am sorry. Okay.

Mr. SCHNEIDMAN. But, yes. I mean, I think they want to look at—well, for instance, in the West Africa trade hub, which clearly has helped African companies export to the U.S., there would be indicators there.

I think the Southern Africa trade hub has really focused on regional integration. So I am sure they are measured against a set of criteria that determines whether or not that has been achieved.

Ms. BASS. Do you know what the average size of a contract would be? If I am running a trade hub, how much money do I get from the U.S. Government?

Mr. SCHNEIDMAN. I am sure you get a couple million dollars to do that.

Ms. BASS. Ooh.

Mr. SCHNEIDMAN. And I am sure that there are about 10 or 20—you know, 10 to 15 people that are working under that contract in that trade hub to do that.

Ms. BASS. So would you support the idea—when you were talking about that a better investment needs to be made, would you support the idea of expanding the number of trade hubs that we have?

Mr. SCHNEIDMAN. I would support the idea of using, sort of building on the West Africa model, of using those trade hubs in Accra, for example, to start interacting with Cote d'Ivoire, to start interacting with Dakar, to start interacting with Ouagadougou. Nigeria is a little bit of a separate issue. But I think we should use those trade hubs to really be catalysts for regional trade and investment. And I think we need to approach our increased commercial engagement from a regional point of view as opposed just to a country point of view.

Ms. BASS. Well, it seems like a regional point of view, but it also seems like we need to have, like you said, Commerce there. I mean, if they can only do one thing, which is to help export to the U.S., it seems like we would want—I mean, who facilitates U.S. businesses doing business on the continent? That is Commerce.

Mr. SCHNEIDMAN. Right. So I think in these trade hubs, it really needs to be not only the USAID contractors but Commerce, as well as representatives from Ex-Im, from TDA, from OPIC, so all our commercial agencies are working together so you do have a whole-of-government approach. Because now we sort of have a no-government approach.

Ms. BASS. Right.

Mr. SCHNEIDMAN. And I think that is really what we have to change.

Ms. BASS. And are there reports online that I could see to see what the three trade hubs have done? I understand you said they report to USAID, but can I find out?

Mr. SCHNEIDMAN. I mean, each of the trade hubs has Web sites, each of the trade hubs do quarterly reports.

Ms. BASS. I looked at the Web site.

Mr. SCHNEIDMAN. Yeah, so——

Ms. BASS. I didn't see much there.

Mr. SCHNEIDMAN. I have not.

Ms. BASS. Okay.

Mr. SCHNEIDMAN. I would welcome a joint investigation. And I think we at Brookings could help you do that, a fuller assessment. Because I think it is essential to do as we move into this AGOA review period so we can make these recommendations to understand what is being done successfully and what needs to be done better.

Ms. BASS. And I do know that USAID is looking at——

Mr. SCHNEIDMAN. Yes.

Ms. BASS [continuing]. These trade hubs and what to do. Thank you.

Mr. SCHNEIDMAN. But I think USAID needs to know that we are looking at them looking at that.

Ms. BASS. Yes. Yes. We will make sure they know.

Mr. SCHNEIDMAN. Thank you.

Ms. BASS. Dr. Lande, you talked about Ex-Im and MCC special purpose vehicles, and I wanted to know if you could explain what you meant by that.

You also talked about a potential sense of Congress. First of all, I appreciate you, you know, making the comparison with economic integration in Europe and talking about how long that took. I think that is really important, that we manage our own expectations.

So could you elaborate on those two points?

Mr. LANDE. I am happy to elaborate, but only within my knowledge more as a trade man. There are many people who really are experts on financing and so on. And I am thinking of Mr. Pittman as one name who is very active in this work. And I think we can get you a better answer than what I am going to give.

But the basic way that I understand it is that the World Bank has funds, and you need to develop some kind of special purpose vehicle because you can't count on sovereign guarantees if you are building a project whose profit depends on the operations in more than one country. So you develop these special purpose vehicles with the World Bank, perhaps with U.S. financial institutions and so on, and perhaps now with venture capital funds, as you know, sovereign wealth funds.

So without going too much over my head, the only point I would make is that, very often, the restrictions on Export-Import Bank, MCC does not allow them to go into these new areas, because their emphasis is always, we want to have a 1-percent fail rate. We don't want to go to Congress if we have a 3-percent fail rate.

Ms. BASS. Right. Right.

Mr. LANDE. But if you are going to be competitive in Africa, I think you very much have to mention that.

With MCC, I think it is a decision that Congress has to make. Because people work within congressional guidelines; I mean, they just don't decide.

And I have two problems with our attitude toward MCC. One is there is a need for U.S. involvement in infrastructure development in Africa, which may not only be in "those very good countries who can qualify."

Ms. BASS. Right.

Mr. LANDE. It is in the U.S. commercial interest, and it is in Africa's interest. We should have a very active infrastructure program in Angola. I am not saying they are going to be MCC-eligible. So there has to be some thinking whether we want our whole infrastructure effort to be through MCC.

And then when you focus on relieving poverty, you have this debate, should I spend money on these local rural roads, which are important, feeder roads that enable farmers to get their products to markets, or should I be focusing on these transcontinental developing corridors which really——

Ms. BASS. Uh-huh.

Mr. LANDE. Again, MCC, they have poverty. I mean, there is nothing wrong with fighting poverty, let me be clear, but that should not be our only limitation.

And, two, of course, is this national guidelines. So they don't have an ability where a REC can come and say, hey, look at everything we have done. So maybe in drawing up and considering MCC, maybe you should say, okay, we will come up with some REC guidelines that will enable you to go across the border. So I would make that point.

Ms. BASS. Another statement you made, in terms of us holding countries accountable to AGOA standards, good governance and all, I think you said that you thought that the RECs should be responsible as opposed to us holding individual governments. Did you say that?

Mr. LANDE. Yes. And let me——

Ms. BASS. So, yeah, maybe you could give an example, especially considering how we have sanctioned some countries or pulled them out of AGOA.

Mr. LANDE. Let me take a step back, because we discussed this the last time I appeared before your committee, and I think you asked me a question. And I am not sure; I think I was a little remiss, not getting back.

The idea that every time there is a problem you should devise a sanction to deal with it and make that sanction a trade sanction has a problem. Because no one is going to get up, no U.S. company is going to get up and say, "I believe in conflict minerals," "I believe in gender inequality." I mean, it is not going to happen.

So what we were thinking at Manchester Trade—and let me just put this idea out on the table, and I am going to get to the peer pressure in a moment—that the way you deal with sanctions, you come up with some guidelines, maybe out of this committee, and you say, first, you have to say what is the problem, okay? Secondly, what impact does the U.S. have in solving this problem alone? Is it effective? What is the collateral damage? What effect does it have on local groups, particularly women?

If we took the sanction in Madagascar, I think Madagascar is returning to democracy now, but for 12 years women have been out of work. I mean, what have we accomplished? So we have to look at the collateral damage, both to U.S. competitiveness—if China keeps on working, keeps on trading, it doesn't help anybody, except it harms U.S. workers who want to supply products there and so on, et cetera.

So what we are basically suggesting is that one of the ingredients, in addition to the ones I mentioned, is let's talk to our African partners.

Africa has a way of punishing people who have what they call "aberrant behavior"—I think that is always a cute term, "aberrant behavior"—where they say, "I am sorry, you can't come to our next meeting. You can't share in our next decisions we are making on our development programs. You are out." They do not take economic sanctions, because their argument is that affects somebody who is working in the fields. I mean, that is not what we want to do. But they have their own program. So if they are willing to—COMESA isn't set up so much. SADC and ECOWAS has much more of a political thing, so they can be more effective.

But I would say that if Congress works on good guidelines for these measures to be taken, and if we begin to talk to the regional communities and say yes—can you picture? We are going to designate all the COMESA members eligible. We want to do that. We want to have this inter-trade. "COMESA, these are our problems. Can you talk to your member states and see whether you can deal with them?" Let me just simply say that I think that that is so much more effective than the current, what I call the "feel good."

Do you know we took Niger off of AGOA?

Ms. BASS. Right.

Mr. LANDE. And then we put it back on? In the meantime, what was going on was probably worse, in terms of the government. We took the Congo off. I don't think the Congo even knew they were off, but they did know when a U.S. businessman came in to do business that they were mad at us and so on. And we know the Madagascar example because I have stated that. You know, it has been going on forever, and at the end of the day, we will put them back on.

So the only issue which I really say is that, given the responsibility of your committee, I think this could be one particular area that you might be able to work on very nicely.

Ms. BASS. And maybe Dr. Sy and Quartey could respond to that, as well.

So, you know, our approach right now, if a country has had a coup or whatever, we will pull them out of AGOA. How do you think it should be handled? Maybe both of you could respond quickly.

Mr. SY. Well, I think it is a matter of basically who will bear the brunt of the sanctions.

An alternative is, if you have the sanctions, to find a way to still address the needs of the most vulnerable segments of the society, so you could still have humanitarian aid targeted and have the sanctions at the same time.

So there are a variety of ways to go. And I think it is a matter in any case of having in mind the cost, the burden on the most vulnerable segment of society.

If I may, it is like subsidies. Right now, for example, there is a lot of push to remove subsidies in many countries on oil because they benefit mostly the rich. But that problem is then how to target the subsidies to the poorer segments. So the analogy is useful.

Mr. QUARTEY. Yeah, I would want to add that when there is a coup, you know, you want to punish. Perhaps you use the regional economic communities to restore good governance. There could be peer pressure, which sometimes works better than trade sanctions, which might have serious implications on women and many other people.

Thank you.

Ms. BASS. Thank you.

Thanks for making the copies available of the report.

I yield.

Mr. SMITH. Mr. Marino?

Mr. MARINO. Thank you, Chairman.

Good afternoon, gentlemen. Thank you for being here.

I want to change the tone a little bit and change the direction in which we are traveling here. And I like what you had to say about what we need to do to increase a relationship with the continent of Africa, the countries within the continent.

But I have some significant and severe concerns about Iran, China, and, to a lesser extent, Russia doing business on the continent of Africa. I don't think anyone has touched on that yet, and I would like to hear some insight from you.

I am going to just pose some factual information that I have been—China and the Middle East have always been a study of mine. I am not an expert, by any stretch of the imagination, but I am aware of, through my readings over the years, what takes place.

So, for example, Iran is the second-largest oil producer in OPEC. Even though the continent has supplies of oil, it still needs the byproducts from oil, it needs refineries, and it still needs oil, to a certain extent. What does Iran get in return? Well, first of all, a trading partner with no sanctions. Iran gets uranium, and we all know what that issue sets in the future for us. They want ores from Africa, and Iran tries very hard and continues to build that relationship with the countries within the continent of Africa.

China, on a larger scale. China invests billions and billions of dollars in Africa. The Chinese call Africa "the galloping lion." They know what resources are available there. Chinese give Africa money, in addition to very, very soft and low-cost loans for billions of dollars. The Chinese Government builds refineries, the biggest investment in—I hope I am pronouncing this right—Bagamoyo, a big investment there. Chinese need, in return, food, energy, natural resources, and even negotiate for some fishing rights. They build hospitals. They build schools. China is the largest investor in South

Sudan by far, using billions of U.S. dollars—not using the yuan, using U.S. dollars.

Now, Africa has 40 percent of the global reserves of natural resources—40 percent—60 percent of unused farm land, and a plethora of low-wage workers. China is building three oil refineries in Nigeria, and China will cover 80 percent of the cost of those.

There is a great deal of corruption that is taking place. There are even investigations and accusations about high-ranking officials in Africa taking millions of dollars from China.

So my simple question is based on these facts. And if you want me to cite, I will later on, if you request where I get these facts. What do we do about China and Iran? How do we persuade the countries within the continent of Africa to do business with us when, pretty much because of regulations internationally and that we have, our hands are tied and China walks in with virtually no debt, tons of money, and helps a continent that is so poverty-stricken, for the most part, at virtually no cost to those countries? How do you defeat that?

And, gentlemen, if anyone is willing to make a statement on my little dissertation here, jump in.

Mr. SY. So, if I may, maybe I can look at this question through the angle of how regional economic communities can also help.

But through our conversations with many businessmen—and we just had the CEO of the U.S. Chamber of Commerce on Africa just yesterday—it seems that the biggest advantage that China has over the U.S. is speed, that the Chinese companies and the Chinese Government can deliver very quickly what Africa is asking right now. And sometimes it can have long-term costs.

Mr. MARINO. Of course, because China doesn't care about its environment.

Mr. SY. Yes. For example, so if you are a minister right now and your country is facing severe power outages and you know that elections are coming up and you have people in the street, well, the cheapest and the quickest way to have a power plant is to use coal, and the Chinese can do that very quickly.

Mr. MARINO. Yeah.

Mr. SY. If you were to deal with a U.S. company, it will take you a much longer time and it is a more complicated process. So that is one advantage, I think, that other countries have to keep in mind when they look at China in Africa: Speed. How do you really compete with the speed that China has?

But this said, coming to how regional economic communities can help, in the area of governance, integration again creates some common institutions that can help improve economic governance. They have convergence criteria, they have fiscal targets, and they have peer political governance, they have these peer reviews and so on. So one way would be really to strengthen these common regional institutions to really put basically the pressure on the countries to really have in mind the benefits of their citizens and go exactly like the EU and so on.

The other one is, also, you are having lots of countries discovering oil, oil discoveries are increasing, but also regional infrastructure. And maybe that is one way also to approach the problem of China, is to think about regional infrastructure rather than these bilateral projects. They are needed. Like, if you are South Sudan, you need pipelines to sell your oil, and the pipelines go through Sudan, or there is a project to go through Kenya. So, again, this regional infrastructure, that is one way to see the problem and address the problems.

Mr. MARINO. Okay. My time is limited, and I just wanted to see if anyone else wanted to respond.

So, please, go ahead.

Mr. SCHNEIDMAN. Let me respond, if I can, on the Chinese side. You know, let me start with your last question: "What can we do to get U.S. business there?" I mean, the reality is that the U.S. doesn't show up to do business in Africa, which has created a vacuum. And that is problem number one.

But if you went to any African Government and said, who would you rather do business with, there is no question they would rather do business with a U.S. company. Why? Number one, we are going to hire local people, we are going to train local people, we are going to create jobs, we are going to invest in communities, we are going to have clear, transparent deals. And that is the big difference.

So I think, you know, from my point of view, the big problem with China is not so much, you know, their presence; it is the nature of their presence. Chinese come, they bring their own workers, they don't train anybody, they stick to themselves. And that is a problem.

Mr. MARINO. Point well-taken.

We have 7 minutes to get over there and vote, and if you can be very brief, sir.

Mr. LANDE. Very quickly, the U.S. has many advantages, in terms of working, and I won't go beyond that: The school, the reputation, U.S. goods mean a lot, and so on. We don't have the problems.

However, having said that, your question is absolutely the correct one. But the answer isn't to say only what should China do. I think it behooves the Congress to sit down and to say, why do we take so long to approve our Export-Import Bank?

I remember a discussion about a year ago before the rechartering of the bank. And they have Mr. Angevine, they have a very dedicated person. And working in Africa, working in Africa exporting, he quadrupled their loan—beautiful job. But during our discussion, we said, can you create some special facilities? "Oh, no, we can't change the charter. Oh, no, the charter is in place. God forbid we touch it." And, in fact, you know, a lot of people think Export-Import Bank is a form of corporate welfare.

So what I am saying to you and my response is—and I would love to have more time to discuss with you and so on—I can go through seven different things the U.S. can do if Congress would give more flexibility to the agencies, risking perhaps some problems, but will better enable us to compete against China.

But our real answer is exactly what was just said by Witney, and that is we have to be what we are, high-quality people. But there are things—and I am sure the responsibility is with Congress, as well as with other people.

Thank you.

Mr. MARINO. I couldn't agree with you more.

Mr. QUARTEY. Thank you very much. Let me try to be very quick.

I think we have two issues here, an issue of speed versus ensuring good economic and political governance. China comes with the speed in delivery, but on issues about governance, environment, et cetera, it is challenged.

What we need to do is to strike a good balance by ensuring that the USA and the other OECD countries, bring China to the negotiation table. There has been some initiatives to bring China to the negotiation table and ensure that some of these issues are streamlined, and I hope we pursue that line of action.

Thank you.

Mr. MARINO. Chairman, thank you. I wish we could continue this. We could be here for several hours on that issue.

Mr. SMITH. Thank you, Mr. Marino.

Let me just conclude. I do have one final question, and perhaps we will run out of time. But, you know, in monitoring the AGOA, it has become clear that national labor protection systems are often weak or nonexistent. And I am wondering how you might recommend that the regional economic communities address the need to establish and enforce standards to protect the rights and health of workers.

I would note parenthetically that a couple years ago I was part of an effort to cite China and its unfair trading practice in terms of the exploitation of its labor force, and the USTR never took it up. We have been trying to get them to take something up ever since. But when they pay 10 to 50 cents per hour, there are no OSHA regulations, 130,000 people-plus die every year on the job in China—all these egregious practices are engaged in, employed by so many factories in China. And with China's ascendancy economically in Africa, those bad practices, just like bad governance practices, the use of secret police and the like, could easily, you know, for a dictatorship, become very attractive.

But how do we make sure that as this regional cooperation effort gets further under way that these ILO-type standards, OSHA-type standards, they don't have to be exactly like the U.S. or whatever, but something that really protects people on the job, health and safety? It is something I think we should build into it. We do to some extent, but I am wondering what your thoughts might be on that.

Mr. SCHNEIDMAN. Mr. Chairman, I agree completely. I think this really has to be part of our bilateral dialogue with AGOA beneficiary governments. And I think it has to be part of our Embassy going out and monitoring what is happening in these factories.

I would like to think that there are some resources to invest in training and showing examples, helping business leaders from the region come to the U.S., perhaps, and see what good standards are all about and how they can be replicated at home.

And I think we have to take a proactive approach to this and not see it as punitive, but see it as something that is going to enhance productivity.

Mr. SMITH. I appreciate that.

And I also would include, because it would come under the rubric of health, but environmental standards. I mean, I remember in New Jersey when—you know, I grew up right near Woodbridge, in

Woodbridge, Iselin—I woke up with Chevron smoke in my house, and that effluent, that smell. We didn't know what clean air was.

And we hate to see that replicated, because we know what it does in terms of health, and not just the workers. My father-in-law worked in DuPont and died of leukemia. He was around resins. You know, so there are huge downsides health-wise, that if you get the environmental piece right, as more factories build up, it could be an enormous positive for the Africans.

Yes?

Mr. LANDE. Three very quick points—well, one quick comment. I don't know if Woodbridge is near Exit 9 on the New Jersey Turnpike, but——

Mr. SMITH. Exit 11.

Mr. LANDE. Thank you. My wife knows it very well, and she puts a mask on when she goes there.

But, seriously, one, the whole idea of moving away from unilateral sanctions—because that is what is in our bill now—and working with the regional economic communities, working on the ILO standards, fortunately Africa has not had the problems that we have seen in Bangladesh, has not the had the problems we have seen in China. A lot has to do with the fact, particularly in the former British colonies, that there is a lot already in place.

So my view is, if you work with them, if U.S. unions would be willing to participate, as they have particularly in Latin America, to develop these standards and so on, I think it works. But it does not work if it is done, excuse me, punitively. "We are going to save the worker by taking away his job." Well, that doesn't work. Obviously, you have to be cleverer than that.

So that is kind of my very short comment, that you should look at modifying the conditions but really work with them in the context. And this could be a perfectly good job for the trade hubs. The administration has already committed to involve Commerce in trade hubs. It is already in their position. Let's get Labor involved, too.

Thank you, sir.

Mr. SMITH. Thank you.

Mr. SY. Well, I would just maybe broaden the debate and say that this is also one important element of good corporate governance practices. And in Africa also, if you are a business, it is very difficult to avoid a government as a customer, as a partner. So the issue of corporate governance and public governance together is something that should be pursued, because at the end of the day it is good business and it is good for everybody.

Mr. SMITH. Thank you.

Dr. Quartey?

Mr. QUARTEY. Just a quick one. I would want to add that we need to harmonize labor standards and laws within the regional economic communities. That will ensure that some of these unfair practices are minimized.

Thank you.

Mr. SMITH. Thank you.

We are out of time because there is a vote on the floor and we are down to 30 seconds or so, I am told. So I thank you so much for your testimony, for your insights.

And please, you know, pick up the phone, send us an email if there is something that you think we should be doing. You have made excellent recommendations, and we will act upon them.

Thank you so much. The hearing is adjourned.

[Whereupon, at 3:46 p.m., the subcommittee was adjourned.]

APPENDIX

Material Submitted for the Record

SUBCOMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6128

Subcommittee on Africa, Global Health, Global Human Rights, and International Organizations
Christopher H. Smith (R-NJ), Chairman

January 7, 2014

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, to be held by the Subcommittee on Africa, Global Health, Global Human Rights, and International Organizations in Room 2172 of the Rayburn House Office Building (and available live on the Committee website at www.foreignaffairs.house.gov):

DATE: Thursday, January 9, 2014

TIME: 2:00 p.m.

SUBJECT: Will there be an African Economic Community?

WITNESSES:

Amadou Sy, Ph.D.
Senior Fellow
Africa Growth Initiative
The Brookings Institution

Mr. Stephen Lande
President
Manchester Trade

Peter Quartey, Ph.D.
Senior Research Fellow
Institute of Statistical, Social and Economic Research
University of Ghana

Witney Schneidman, Ph.D.
Nonresident Fellow
Africa Growth Initiative
The Brookings Institution

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.

COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF SUBCOMMITTEE ON *Africa, Global Health, Global Human Rights, and International Organizations* HEARING

Day *Thursday* Date *January 9, 2014* Room *2172 Rayburn HOB*

Starting Time *2:00 p.m.* Ending Time *3:46 p.m.*

Recesses [*0*] (__ to __) (__ to __) (__ to __) (__ to __) (__ to __) (__ to __)

Presiding Member(s)

Rep. Chris Smith

Check all of the following that apply:

Open Session ☑
Executive (closed) Session ☐
Televised ☑

Electronically Recorded (taped) ☑
Stenographic Record ☑

TITLE OF HEARING:

Will there be an African Economic Community?

SUBCOMMITTEE MEMBERS PRESENT:

Rep. Bass, Rep. Marino, Rep. Cicilline, Rep. Weber, Rep. Bera, Rep. Meadows

NON-SUBCOMMITTEE MEMBERS PRESENT: *(Mark with an * if they are not members of full committee.)*

HEARING WITNESSES: Same as meeting notice attached? Yes ☑ No ☐
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: *(List any statements submitted for the record.)*

TIME SCHEDULED TO RECONVENE ______
or
TIME ADJOURNED *3:46 p.m.*

Gregory B. Simpkins
Subcommittee Staff Director