UNITED STATES OF AMERICA

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PRESIDENT'S ADVISORY COUNCIL ON
DOING BUSINESS IN AFRICA (PAC-DBIA)

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WEDNESDAY
NOVEMBER 29, 2017

The Advisory Committee met at 9:30 a.m. in the Eisenhower Executive Office Building, 1650 Pennsylvania Ave, NW, Washington D.C., Room 350, Jay Ireland, Chair, Presiding.

PAC-DBIA Members

Jay Ireland, President and CEO, GE Africa (Chair)
Laura Lane, President of Global Public Affairs, UPS (Vice Chair)
Kimberly Brown, CEO, Amethyst Technologies
Takreem El-Tohamy, General Manager of Middle East and Africa, IBM
Barbara Keating, President, Computer Frontiers, Inc.
Bill Killeen, President and CEO, Acrow Bridge
Edward Mathias, Managing Director, The Carlyle Group
Andrew Patterson, President for Africa, Bechtel Overseas Corporation
Fred Sisson, CEO, Synnove Energy

Department of Commerce

Wilbur L. Ross, Secretary
Erin Walsh, Assistant Secretary for Global Markets and Director General of the U.S. and Foreign Commercial Service
National Security Council

Cyril Sartor, Senior Director for African Affairs
Kevin Harrington, Deputy Assistant to the President and National Security Council Senior Director for Strategic Planning
Adrian Bogart, Director of African Affairs, Southern Africa

Other U.S. Government

Charles Hall, Acting Chairman, Export-Import Bank of the United States
Jonathan Nash, Chief Operating Officer, Millennium Challenge Corporation
David Bohigian, Executive Vice President, Overseas Private Investment Corporation
C.D. Glin, President and CEO, U.S. African Development Foundation
Thomas Hardy, Director of Congressional and Public Affairs, U.S. Trade and Development Agency
Connie Hamilton, Acting Assistant U.S. Trade Representative for Africa, USTR
Cheryl Anderson, Senior Deputy Assistant Administrator for Africa, U.S. Agency for International Development
Eric Meyer, Deputy Assistant Secretary for Africa and the Middle East, Department of the Treasury
Rob Scott, Acting Deputy Assistant Secretary for African Affairs, Department of State
Catherine Fulton, Director, Europe, Africa, Africa and Middle East Division, Foreign Agricultural Service, Department of Agriculture
C-O-N-T-E-N-T-S

Welcome Remarks. ........................................ 4

Presentation and Deliberation of PAC-DBIA's

First Report to President Trump. ......................... 8

Vote to Adopt Report .................................. 117

Closing Remarks and Adjournment. ................. 117
(9:30 a.m.)

CHAIR IRELAND: Good morning, everybody. It says here I'm supposed to gavel. I don't have one, so -- To order. Again, thank you all for attending this morning's PAC-DBIA meeting. It's a very strong indication of the Administration's continued focus on Africa.

We in the PAC-DBIA are very interested in working with the Administration, and really continuing the focus on working together and bringing an America approach, a United States approach between the private sector and the USG.

We have been working over the last couple of months on a task from the Secretary on identifying issues around approaching Africa, competing in Africa, and operating in Africa. And we will address those today in the remarks from our colleagues, as we go through the morning, around some of the issues that we see in those three key areas.

And we will then address going forward,
how to address some of those issues and continue to move forward from driving economic growth in Africa, along with continuing to drive U.S. business activity in Africa as well.

So, I will again thank you all for attending. Secretary, thank you for your support, continued support. And I'm going to turn it over Laura.

VICE CHAIR LANE: Great. Thanks, Jay.

And good morning, everyone. I am really pleased to be here today as part of the PAC-DBIA, because I do truly believe that collectively we can accomplish great things together to advance an American approach for the continent.

My name is Laura Lane. And I'm honored to serve as the Vice Chair for the PAC-DBIA. And like all of you, my career has given me an incredibly deep appreciation for all the good that comes out of boosting the trade and commercial relationship between countries, particularly in the African continent.

And in this case we're focused on the
Sub-Saharan Africa with all of the diversity of opportunities and challenges that exist in the markets, that brings opportunities for American companies, but requires that partnership with Government to really realize those opportunities.

So, we have an incredibly esteemed group of public and private sector representatives coming together today under your leadership, Mr. Secretary, to find the solutions and mutually beneficial opportunities for growth.

So, I look forward to reviewing the report with everyone this morning. But let me turn it back over to you, Mr. Secretary.

SECRETARY ROSS: Well, good morning. And thank you, Jay and Laura, for your leadership on this Council. And I thank all of the Members of the Council for your ongoing work.

And finally, I thank the National Security Council for graciously hosting this meeting. That's their fourth time doing so during the three years that the PAC-DBIA has been in existence.
I'm pleased to finally meet the PAC-DBIA in person. It has been three months since we all met by phone. And I posed to you, on behalf of the President, a set of tasks intended to channel your varied experiences.

I asked you to make recommendations that would inform U.S. Government strategies to help make American companies pursue, win, and execute business opportunities in Africa.

Specifically I asked, one, what are the three biggest factors that keep American companies from approaching African markets?

Two, what are the biggest obstacles to the success of American companies already competing in Africa?

Third, from the perspective of American companies already established in Africa, what are the three characteristics of African markets that most hinder the ability of American companies to operate effectively and efficiently?

Today you have convened to adopt a report that I hope provides the answers to these
questions. We'll be discussing each of the nine
issues in the report in some detail, which means
we have quite a bit of business to do today.

So, I'll stop here, and just say I'm
looking forward to an interesting and active
discussion with you. Thank you.

CHAIR IRELAND: Thank you, Mr. Secretary.

Appreciate those remarks.

Cyril, would you like to make a few
remarks as well?

MR. SARTOR: No. Just once again, thank
all of you --

(Off microphone comments)

CHAIR IRELAND: Okay, great. All right.

As I said, the report has been worked on between
the PAC-DBIA companies, as well as the Government
Agencies. And we want to introduce that report
to the Committee.

And again, the context was, the
Secretary mentioned, was around what are the
obstacles, issues, potential around approaching
Africa, competing in Africa, and then operating
in Africa for U.S. companies. So, I'll turn it over to Laura to work us through the report.

VICE CHAIR LANE: So, Mr. Secretary, in order to pursue, win, and execute on deals in Africa the Council got together and focused on those three areas of approaching, competing, and operating in this market.

And we're going to focus first on the first set of issues, with respect to approaching business in Africa. What are the key issues that companies face when they're considering expanding into Africa?

And this includes American firms that are looking to export their products into African markets, as well as those that are thinking about putting in a physical presence, or concluding business contracts with partners in various countries in Sub Saharan Africa.

And the principles of the Council identified the idea of distinguishing between not just perceived, but those actual market risks.

Because both of them come into play in terms of
limiting the types of companies that decide to
approach the African market as a possibility, and
really harnessing market size and demand, as the
core issues for approaching the continent for
those opportunities.

So, I want to turn it over to Barbara
for some initial comments along those lines.

MS. KEATING: Thank you, Laura and Jay.
And thank you, fellow Council Members and
Commerce staff. We really appreciate you
convening this.

Mr. Secretary, as a small business owner
operating in Africa for the last 20 years I have
had a first-hand understanding of the obstacle
facing American business in doing business in
Africa.

However, I am still there. But in
summarizing what our Council has determined are
the obstacles other U.S. businesses have in
following us to the continent, we have identified
that the aspects of risk, perceived versus
actual, is a significant element in and of
It is clear that African markets offer multiple opportunities for U.S. businesses to grow their operations on the continent, as this being done by businesses from other nations as well. Yet, the rate of expansion does not reflect the potential growth for American companies in Africa.

As I mentioned, as a group the Council identified risk, both perceived and actual, as a concern for U.S. business. In my experience, the actual risks are not that different from any other part of the world. Yet, U.S. companies continue to be reticent to compete, or even consider the continent.

I believe that we need reignite the pioneering spirit that is a core American value, and overcome these obstacles and head east to Africa.

The perceived risk and actual risk we categorize under the following headings. Legal regulatory risk, foreign exchange risk, liquidity...
risk, political risk, and headline risk.

What do these risk categories mean to businesses as they consider approaching African markets? The legal and regulatory risk can be defined as the rules of the road when learning to navigate in African markets.

The perceived risks are found in the enforceability of contracts, the dependability of the regulatory and tax process, and the consistency of the legal process. For many U.S. countries considering Africa the rules of the road are perceived as weak or difficult to navigate.

Foreign exchange risk, liquidity risk, perceived or actual risk. Money is the fuel of business. And the perception that central bank functions that support free movement of funds, along with economic controls to have stable currencies is a major issue for companies considering Africa.

The political risks. There is a perception that the political environment is not
stable, and regime change is not democratic. The reality is that several key countries in Africa have gone through several peaceful democratic electoral cycles.

And finally, what we describe as headline risk. This can be defined in the loose analogy I've been putting in place as the road signs on the road, the stop or go signs, which come in the way of new headlines about anti money laundering violations, Office of Foreign Asset Control sanctions, or other prominent events.

In summary, we identified these four areas under the broad category of risk in the evaluation stage being done by companies as they approach African markets. So, thank you for this opportunity.

VICE CHAIR LANE: Thank you, Barbara. Erin, did you want to maybe add some additional comments? Erin Walsh of the Department of Commerce.

MS. WALSH: Yes. I think --

(Off microphone comments)
PARTICIPANT: Could you use your microphone?

MS. WALSH: Sure. In all of them one of the first things that small and medium size businesses consider is, where should I go? There are over 2.2 million exportable companies here in the United States, and only 330,000 of them actually export. And the majority of those places are to Canada, to Mexico, and to China.

And we look at this. And we say, why aren't they doing more? And I think one of roles is to look at how we can help them, and influence them in reshaping the image of Africa. Perhaps not even as a continent, but as individual countries, and promote those. And promote those opportunities.

And I think the leadership of the U.S. companies that have already been there and blazed the trail, if they can help work with us to identify areas where there are opportunities for these small and medium size companies. Because I think that's the way that we can do it. There is
risk. And they definitely feel it.

VICE CHAIR LANE: Thank you, Erin. Eric Meyer of the Treasury Department, did you want to interject as well?

MR. MEYER: Thank you. Thank you, Laura. And it's a pleasure to be here today. I think one of the important parts you made, Barbara, was that the, there are risks. And there are risks in Africa like there are everywhere in the world that American businesses are active or trying to be engaged.

The challenge in Africa, as you said, is the perception that for some reason the bar is so much higher. And I think it's really important that you all have put out, and began to draw out in more detail what some of those perceptions are, so that we can work together to try and find ways to clarify, and to bring light onto what those issues are.

So, I think it's really important that you've highlighted some of these. I think legal and regulatory risk is one that we hear very
frequently when we're meeting with American companies that are either interested in or actually active on the continent. And I think that's really important.

I think I can just be brief right now. And as we're going to talk a little bit later on about some of the foreign exchange and liquidity risk issues. So, I don't need to go into that a whole lot more.

I did think it was interesting in your headline risk that you all highlighted things like anti money laundering violations, and U.S. sanctions. And I think that points to, it points to a, I think it points to a real risk.

But it's a real risk that's everywhere. And I think from our experience I would say that our, the use of sanctions, or the violations that we've seen are disproportionately in Africa. So, I think that is an area where we need to try and get some clarity.

But you do point out an issue which is for us a macro-economic fundamental issue, which
is that countries across the continent need to be investing in their legal and regulatory regimes, so that they are able to operate at the highest standards. Thank you.

VICE CHAIR LANE: We can open the floor for any additional comments that anyone might have. Otherwise, let me recognize Fred Sisson to present on underdeveloped capital markets, and some of the challenges that presents for approaching the continent.

MR. SISSON: Thank you, Laura. And thank you, Mr. Secretary, for having us. Capital markets provide a conduit for private sector funds to flow through to African projects.

What we've seen is, we've seen a good scenario. Africa growth has really now started outpacing the ability of public sector funds to keep up with the growth.

But capital markets, the investments present a substantial opportunity to U.S. businesses to provide goods and services to African customers. The private sector has a
desire to participate in this growth.

But the capital markets need to, but efficient capital markets are needed to realize this investment interest. There are a few, the Council has identified the following barriers to efficient private sector capital flows to Africa.

One is the access to and the cost of capital. Currently capital is not readily available in all markets. And the costs of that capital are sometimes prohibitively high for the investments.

Number two, markets lack the financial transparency, data, and standards needed to attract private sector capital to those markets.

Number three, debt in equity market liquidity are shallow or a liquid. In many of these markets the capital markets are fairly underutilized. They don't have a lot of external participation. And that doesn't create the momentum that are needed to finance the projects that are happening within those markets.

Number four, basic financial
infrastructure, such as telecommunications and internet is missing or needs improvement in many of these areas.

For example, the data transfer required for capital markets, in order to keep them flowing smoothly is just, is running over antiquated systems. They're not able to communicate internally effectively, or externally which erodes confidence from private sector.

Number five, regulatory frameworks and institutions are underdeveloped and lack standardization. And I think that this is more of an education issue in many of these markets.

The capital markets are relatively new. They're managed sometimes by folks that are not as educated, or as experienced in western capital markets.

And so, what ends up happening is the frameworks that are required to gain confidence from external investors aren't necessarily there. So, confidence is impacted. That concludes my statements.
VICE CHAIR LANE: Let me turn it over to Secretary El-Tohamy to present on -- Oh, before we go to him, Cheryl, would you like to add some comments from the perspective of USAID? Because I think you have some very valuable insights to share that focus on the points that Fred just presented on.

MS. ANDERSON: Sure. Thank you very much. Let me say a couple of things at the outset. USAID takes this input from the PAC-DBIA very seriously. And we really appreciate the coordinated and strategic inputs of the report.

We work with African countries, with economic communities, and with the private sector to reduce barriers to trade and investment, and also to foster linkages between U.S. and African firms.

And we do this in a number of ways, including our regional trade hubs that we have in Nairobi, Accra and South Africa. And also through Power Africa's Whole of Government approach in Africa's energy sector.
So, in terms of the report I think for us it would be very helpful to prioritize the sub topics, and really highlight the binding constraints, so that we can understand where we can be most constructive in supporting American Businesses.

And then, just one other thought is that on information communications, and information and communications technology, it might be broken out as a separate sub topic. Because it has such a broad nature. And also this is a sector that's so important for Africa's development. Thanks.

VICE CHAIR LANE: Just a quick reminder for everyone. Since this is live it would be important that everybody turn on their microphone, so that they can catch it on the livestream, and everybody can hear the valuable comments being made.

Let me turn it over to Dave Bohigizn from OPIC. Because I know you have some good insights to share related to the under developed capital markets, and ways in which OPIC is
partnering.

MR. BOHIGIAN: Great. Thank you, Laura.

And thank you for the, Council, for this great report. I would just highlight this through the spectrum of an investor before I did through the OPIC lens, which is, everyone in this room understands that it's a risk reward ratio for investors. And that the report does a nice job of highlighting the rewards. And all of you who are building infrastructure, and telecom, and healthcare better understand that.

But what I believe Governments in Africa have failed to understand is the perceived and actual risk they're creating by trying to manage their risk, whether that's currency exchange or interest rates.

It's an important factor for the U.S. Government as part of its commercial diplomacy aspect to ensure that we're talking to folks who are less experienced in economics than some of our people here.

One thing that OPIC is doing in that
regard is, as Secretary Ross serves on our Board. He'll be seeing a Board deal come up with a foreign currency exchange deal, which these capital markets are particularly under developed.

We've seen private equity players get into Africa. The depth of the capital markets aren't there. In particular, it's stunning to me to find that you can't find that sort of five or ten, or 20 year tenure that you might need in local currency exchange, which typically falls on the most vulnerable.

So, I think that's a aspect of the report that should be highlighted as well. So, thank you for your work there.

VICE CHAIR LANE: Thank you, David. Kimberly, do you want to provide some additional thoughts as well?

MS. BROWN: Thank you. So, my company, Amethyst Technologies, is a small business. We represent a U.S. pharmaceutical company who manufactures their works in Asheville, North Carolina. And we distribute their product in
Ghana.

The advantages they had in Ghana were approval in the FDA there took about three months, and cost less than $10,000 dollars.

The challenges we have as a small business are access to capital. Ninety plus days for payment, if we're lucky, in many cases. And we have to pay 13 to 15 percent interest rates for a line of credit.

So, if there are programs that are right sized for small businesses, that can provide access to capital at a low cost, also programs that don't require significant time to implement, that would be very beneficial for small businesses, and all businesses in Africa. Thank you.

VICE CHAIR LANE: Any other comments that anyone would like to add?

CHAIR IRELAND: Yes. Yes, I would like to add one thing. One of the things that I've seen over the last seven years there, especially in Kenya, but also in other countries, Nigeria,
et cetera, is a tremendous entrepreneurial small business focus by both Americans that are there, as well as the African people.

And it's around innovation. They are solving problems. They've got tremendous capability. And developing tremendous solutions, especially solar home systems, et cetera.

And the reason I bring this up is because one of the things that is a real constrictor of their growth is the underdeveloped capital markets.

The cost of money, number one, the accessibility of money. And as we think about environments that spur innovation here in the U.S., the ability to exit, if you will, or to continue to get investment going forward.

So, under liquidation, or I should say the lack of liquidity in the markets, where the typical venture capital of what we see here in the U.S. is somewhat nonexistent.

There are people that do it. But there's also a real potential to really drive
growth, both in Africa as well as here, from some of the products that are being developed here as well.

VICE CHAIR LANE: Thank you, Jay. One of the other important elements in terms of approaching Africa is that analysis about market size, and whether the demand is there.

And whether there is a readiness for U.S. business both to enter those markets, and thrive in those markets. So now let me turn it over to Takreem El-Tohamy.

MR. EL-TOHAMY: So, thank you, Laura. And thank you, Mr. Secretary, for the time and support you're giving to the Council. So, Africa is an attractive market. And is a long term growth opportunity.

However, there are several issues that slow down U.S. businesses approaching Africa. Two important ones are diversity and competition.

So, Africa is home to day to over one billion potential consumers by 2015. Its size will increase by an additional 1.3 billion
people, estimated to house 26 percent of the global population.

However, Africa is not one market. The diversity and creations of market conditions within and across the 49 Sub Saharan African countries make approaching Africa challenging for U.S. companies.

One solution often does not fit every country's needs and conditions. Scaling business is hard. And smaller market size often equates to smaller the sizes, which stresses the business model of some larger U.S. companies.

Also, small and medium U.S. businesses are challenged to assess and navigate the size dynamics due in part to lack of skilled market research firms who can advise on market preference, and tailoring products to a market, and the expense of doing so for each potential market they are exploring for entry.

Now, on the side of competition, some U.S. companies are supporting better health and disease prevention initiatives, IT enablement,
ecosystem development, education, and skills development, and more, to increase market size within countries.

For example, earlier this year the IBM CO announced the Digital Nation Africa Initiative, which will support 25 million African youth with access to free skills development programs around much needed technology skills like digital, cognitive, Cloud, application development, data analytics, and entrepreneurship.

Historically, companies that have helped countries in this manner have benefitted from a spillover effect of larger market size, good will, and demand for the company's products and services.

Today such U.S. company investment spillover is being diluted by increased competition in corporate social responsibility, especially from companies in China and India, whose corporate and service, and social responsibility programs were nascent or
nonexistent just a decade ago.

Further, while the U.S. Government also has numerous impactful programs to support market creation opportunities for U.S. companies, the Chinese Government is also providing more assistance.

The Chinese aid centers really, centers, the Chinese incentives rely heavily on concessional and same concession loans for infrastructure and export credits. But support for the social development projects are on the rise.

So, as more nations join the U.S. in market creation efforts across the African continent, the corresponding awareness, demand, and good will for products and services would likely migrate away from the U.S. toward the newly engaged nations.

As a result, U.S. companies will receive fewer positive spillover effect from their investments, despite some of the ongoing efforts from the U.S. Government to facilitate market
opportunities in the region. So, the size and
spillover market dynamics dissuade U.S. companies
from approaching and growing their presence in
Africa.

VICE CHAIR LANE: Mr. Secretary, in your
current role you have a lot of opportunities to
advance these initiatives. But you've also got
tremendous business experience. Could we get
your thoughts on approaching Africa, and some of
the opportunities and challenges there?

SECRETARY ROSS: One of the topics that
intrigues me is, how can the business community,
or how can we in U.S. Government facilitate the
kind of market integration, market coordination
that would help overcome the scale problem?

What are the real reasons why there
aren't free trade agreements that are better?
Why are there differences in customs procedures,
nontariff trade barriers? And how can we deal
with those?

Because a lot of the issues you're
raising are issues of a lack of homogeneity in
practices among them, it seems to me. So, has anybody given real thought to what mechanism there is, or what series of strategies we could apply to try to deal with that issue?

VICE CHAIR LANE: I'm going to offer some thoughts at the end. But, David.

SECRETARY ROSS: I'd like not just to understand the problems, but have a path towards solutions.

VICE CHAIR LANE: David, do you want to interject?

MR. BOHIGIAN: Sure. On the demand side I'm not going to recite to you the demographics, and the, again, the markets that are being developed.

But I think we take for granted in a country where the Commerce Department developed the notion of GDP, the fact that these signals are harder to come by. And not necessarily just as a pan African context, but on a country by country basis, it's harder for companies to know where the real prospects are.
I think as we view it from an OPIC perspective, those are primarily around the commodities space, where we need to ensure there's the infrastructure there, both roads and telecom, and other ways of being able to move goods up the value chain.

To be able to co-locate on processing facilities, and truly move goods and services across markets. And OPIC stands ready to help with product finance, the political risk insurance, as well as support the private equity funds.

And also, I want to echo Takreem's point on the competition that's going on in Africa right now, on a geo-political basis. As the President said recently on his Asian trip, we need to ensure that Eurasia remains open and free to U.S. goods and services.

I think the same thing is true of Africa. The competition that's going on there is about American prosperity. But it's also about American security. So, I'd encourage companies
to seek out opportunities that promote both of
those as well.

VICE CHAIR LANE: Tom, did you want to
add a thought?

MR. HARDY: Thank you, Lauren. Thank you
for this Committee, for this report. It's very
helpful to get the industry's view. I think
there's real opportunity here.

And having spent the last 20 years
working in Africa I recognize first hand the
competition this report talks about. And it's
very that USTDA and Commerce has worked well
together in the past.

Picking some priority countries and
figuring out, looking around the table here, the
different Government agencies, the private
companies are investing in these companies. Our
competitors are going in as a monolithic, here's
what we are providing. And we are going kind of
in a fragmented approach.

And I think USTDA and Commerce have been
successful in China and India making the case of
here's the U.S. presence. I think that the PAC-DBIA has a real opportunity to come together, pick some priority markets, and make the case of here's what the U.S. Government, here's what the private sector is bringing.

So it's, we start to overcome this competition issue of China's doing this, but the U.S. is doing this, this, and this. Because I think there's some real benefits we can gain if we work together through this PAC-DBIA initiative to create a single message of what is the commitment to African countries, so we're seen as a more monolithic U.S. approach.

VICE CHAIR LANE: Thank you. Mr. Secretary, I want to answer your question directly. Why is there not free trade occurring? Why is it not happening in these regional pockets?

UPS is a company. We operate in 220 countries and territories. We cross borders every day. We operate in 51 of the 54 countries in Sub Saharan Africa.
And you know what? A lot stops at the borders. The border processes are one of the biggest impediments to trade. Because the reality is, those processes involve a lot of delays.

They involve outdated procedures. Nothing is really done electronically, which allows for efficiency and security screening, and the kind of movement of goods across borders that we, I would say take for granted in more developed countries.

And the reality is we have an agreement that has already been agreed on by a vast majority of the members of the World Trade Organization, the Trade Facilitation Agreement. And that agreement represents that foundation from which we can build more trade opportunities.

If we can work with the countries in partnership with the World Customs Organization, the World Bank, the World Economic Forum, as well as companies like UPS, IBM, and many others in the room here that are working in partnership to
help these countries improve their border processes

I believe that once you transform those processes you allow more trade to happen. Because one of the challenges that exists is, in those processes there's so much corruption and bribery at those borders. There's a lot of security risks that occur there.

If we can turn those processes electronic, bitstreams don't ask for bribes. We can move goods across borders. And you know what, that takes the risk out of the supply chains.

And those supply chains then can create more opportunities for American goods to go into these markets and create new manufacturing opportunities, and grow with them. And that's fundamental. So, start there, and drive that process. That would be something meaningful.

SECRETARY ROSS: Now, are the Governments aware of that problem? And do they care about it?
VICE CHAIR LANE: It's mixed. So, we've
got some countries that are willing to work in
partnership. And that's why the prioritization
that I know the NSC wants to give to a handful of
countries that this Government works with.

Let's make them the pilots. And in many
way those positive examples of when you create
the right customs processes, you create a lot
more economic opportunity. And that's --

SECRETARY ROSS: Are there obvious
candidates to be the test cases?

VICE CHAIR LANE: There's a number of
countries that are already in the pipeline.
Morocco I know is one of them that has been
working in partnership.

We have activities underway in Kenya.
There is a number of others that have indicated
an interest in working in partnership. We can
follow-up with a specific list.

But if there's countries that are
willing to address those border processes, they
represent a good ally for us in terms of
addressing some of the challenges that keep American companies from exporting and growing in those markets. So, we can get you a more detailed list.

SECRETARY ROSS: Okay. Because that might help as a shopping list for the trip we're planning in 2018. Because I think to make that trip worthwhile we really need to have specific agendas, specific targets, specific things that we want to get done.

Because at the 40,000 foot level we can go on forever. We need to do things at the ground level.

VICE CHAIR LANE: Does anybody else want to add some additional comments? Yes, Kevin.

MR. HARRINGTON: Okay. So, I just want to echo what she said. Here at the NSC we're doing research on better electronics.

I can yell. I'm from a big family. So, the connectivity issue is huge. And I think people don't quite understand how much this traps Africa into a lot of really bad things. The
feedback loops are really, really bad with this.

So, you know, the economic research shows that if you double the efficiency of two ports, that it has the economic effect, same economic effect as halving the geographic distance between those ports.

And so, in some sense, Africa is very far away from the rest of the world, because of these connectivity issues. Whether that is the physical infrastructure or the processes at the border, or anything else that slows it down.

And the reasons for this is not simply that it costs a little more to ship things by UPS, or even quite a bit more. But that if you have unreliable supply chains that companies have to hold tremendous amounts more inventories.

The research shows that companies in these countries with poor connectivity have this huge additional cost of inventory carrying. And given the cost of capital is very high, either explicitly or implicitly in these countries, you are imposing a tax on those countries of several
percentage points of GDP, just from one effect alone.

And then in addition to that, you know, we talk about the resource curse. And I've pondered this quite a bit with, you know, with Africa, where it's hard to get them out of this resource curse situation.

And the economics of that are difficult. But then the politics of that are as well. You encourage the corruption and the bribery, where there's this one or two commodities that you can have very corrupt deals about who gets to access that, or on what terms.

But you cannot have development of more complicated supply chains, where Africa gets integrated into the rest of the world without improving the logistics significantly.

And once you do that then the economy is not solely dependent on this, on the vagaries of commodities markets, which then implies tremendous volatility to the currency.

As somebody said down here, I couldn't
see who it was. But it's currency issues that then result from that. And so then you have a lot of risk that investors perceive.

And so investors don't want to invest because there's this huge currency risk. And so, you just have this whole series of dominos that fall over from this problem. So, I think a bigger focus on that would be helpful.

I noticed that it's mentioned in the back of the report. I would put it in the front of the report. Because I think it's quite an important issue that we should focus on.

VICE CHAIR LANE: Thank you. Yes.

MS. HAMILTON: Hi. I'm Connie Hamilton from USTR. I just wanted to comment on this discussion. I think we sometimes forget that we're talking about 55 independent sovereign nations.

They are not monolithic. They are not joined together. Even when we talked about their regional integration and their regional organizations, they still act very independently.
So, the fact that they're working on a continent wide FTA, and we all have reservations about what that's going to do, and what that's going to mean.

But by the end of 2017 they hope to have at least in place a framework, where they're working together to address some of these issues. They recognize the challenge that they have in being small markets and diverse. And they're trying to deal with that.

And so, I think that if we look at, if we try to work with them carefully on how they plan their FTA, this continent wide thing, that we engage with them, and offer ideas and capacity building assistance to help them get to a place where they should be as they're putting together this package. I think that would be helpful, and help address some of these issues.

VICE CHAIR LANE: Thank you. Anybody else? Yes.

MR. SCOTT: This session, this generates --
MR. SCOTT: -- a lot of interest, sorry, with the State Department. Just to come back on what Connie said. When Chairman Faki just visited for the Ministerial with Secretary Tillerson, he raised the issue of the reps as well.

So, what the AU is going to start doing, starting next June, is convoke all of the regional economic units to their AU meeting. And the idea there is to push forward with customs and border issues, and other, the things that you were talking about, what's happening at the border, and how can they get intra African trade?

Your report touched on the fact that it's at 16 percent. It's sub-optimal. It's really hampering their growth. And so, this goes into the free trade. But as well, AU fully understanding that, and trying to work with the REX to get regional energy behind that. And that's something that we support.

VICE CHAIR LANE: Any other additional
comments? I think it's a good time to move on to the next section, focusing on competing in the African market.

And here the Council explored the biggest issues that come into play, in terms of ensuring a level playing field for American businesses as they grow and expand across the continent.

And fundamentally the obstacles are there because there's an aggressive approach by foreign Governments with previous colonial interests. Think the French, think the Dutch, think the Belgians, think the Germans.

And think about the Chinese expansion into and across the continent. And a lot of the advocacy efforts that go in support of their businesses competing in the continent.

There's also obviously the local content requirements. And some of the most burdensome public procurement procedures that all put U.S. companies at a tremendous disadvantage.

And so, really focusing on those issues
is going to help ensure that quality goods and services that American companies are known for are not unfairly hindered. Because the playing field just isn't level.

And so, I'd like to turn to our Chairman, Jay Ireland, to comment on that Whole of Government echo system that enables U.S. companies to be able to compete effectively.

CHAIR IRELAND: Okay. Thanks, Laura. When you look at the Whole of Government approach we see many other Governments from around the world and Africa competing in a way that we do not.

And that can be as far ranging as bringing a fully financed deal with the associated companies in their country into the deal, and presenting it to the Government as a, with a concessionary loan that gets, that basically usurps the public procurement role, because it's a Government to Government deal. So, we see that.

And we also have aspects of certain aid
that gets provided to countries around healthcare
that would be tied to, from Governments that then
bring their home country products or companies in
as the sole provider for the equipment and
services around that.

So, it's not just China or the East.
It's also Europe. Germany has a Marshall Plan
utilizing the G20 focused on Africa. It's mainly
now focused on around six countries. These are
the things that we continually see as a
competition.

Another way to think about it is from a
standpoint of speed, is that we, an American
company would come in, put together a deal, put
the pricing together. Present that potential to
the Government, whether it's a power plant, a
road, a rail. And then go try to get financing,
and put a financing package together. That takes
quite a long time.

The competition comes in as the Whole of
Government approach with, here it is. It's done.
Boom. We can start and break ground in a project
within six months, or whatever. So, it's a very impactful one for a company's head of state, or a country's head of state, as looking at different election cycles as well, to get things accomplished.

So, as we look at what we can do as U.S. Government and U.S. companies, is to again marshal the resources that we have, which are very substantial between USTDA, OPIC, Ex-Im, MCC, USAID, et cetera, which now operate in somewhat of a disparate manner, and really focus through on a strategic notion of what we want to do in development finance.

And it doesn't always have to be loans. That can be certain credit enhancement facilities, insurance, not just on political risk but also, which we do have a product with OPIC. But also on credit risk as well.

And I think there's a lot of opportunity for all of us to work together to really provide that capability. And really have a stamp, if you will, of projects around countries that says, you
know, here's what a combination of U.S. Government and U.S. companies can bring to the economic growth of that specific country.

VICE CHAIR LANE: Thanks, Jay. Mr. Secretary, would you like to add some thoughts?

SECRETARY ROSS: Well, all of those entities exist. Why is it that they haven't been able to be accessed by you fellows?

CHAIR IRELAND: We have been able to access it. It has not, it's not a question of access. It's a question of how we go to market. So, we've done projects with, plenty of projects with OPIC, plenty of projects with Ex-Im.

And we put together the project, all of the, let's say an independent power project. All the pricing, et cetera, the environmental work that has to be done.

And then we look at OPIC or Ex-Im to fund the debt or the equity. And they go through their underwriting process. And at that point in time. So, it's a combination of that speed, number one.
And number two is, we're sourcing the deals, which is fine. But then there's also the potential to work underneath a Government to Government discussion, which then somewhat alleviates a lot of the, can enhance the speed, but also alleviates a lot of the competition.

I don't know, Andrew, if you want to comment on the one you have in Kenya.

MR. PATTERSON: Yes. I think, I mean, Kenya's a great example of where there was an MOU put in place by Commerce. And we were able to work directly with the Government, with Ex-Im, OPIC, Commerce, and State in putting together this deal.

And then that was one of the deals that we signed in August. I think it's a great example of that, of having a MOU structure in place two years ago. And then we came in, worked with the Government on structuring the deal, and tying the different agencies on putting together that whole value chain.

And if we can do more of that, and we've
talked a little bit about what other MOUs could we put in place in other strategic countries, to be able to utilize that same approach?

SECRETARY ROSS: Which countries would be good candidates for that?

MR. PATTERSON: I think each market has difference. From an engineering construction place, where we look at the big projects, a lot of places in East Africa, Tanzania specifically would be good, Uganda.

And then the West Africa you have the Ghanas, Senegals, the Cote d'Ivoires, the Morroccos that we've been looking at. And in parts of Southern Africa as well, which include Namibia, Zambia, Botswanas.

Those are particular areas that we've been looking at from large infrastructure plays, and helping them unlock some of their economic development.

VICE CHAIR LANE: Can I turn to Mr. Hall from Ex-Im? Yes.

MR. HALL: Hi. Good morning. Thank you,
Mr. Secretary. And thank you too, all of the members of the Council. I think this is a really, really good report, a good first step in your longer term project.

I'm happy to see some members of the Council around the table that we have worked with, as we've said. I was expecting to see Kusum here, from Combustion Associates. But I guess she couldn't make it. But Acrow Bridge, and of course Bechtel, and GE as well.

Those of you who have worked with Ex-Im know that Ex-Im is a committed agency player to a Whole of Government approach, which I really agree is a very important thing. I think we can do a much better job of that compared to some of the other competing Governments that we compete against.

But we work very closely with the U.S. Commercial Service, the Foreign Commercial Service, with USTDA, and OPIC, among other agencies, to try to coordinate our efforts.

Just to give you an idea of the scale,
over the last ten years Ex-Im Bank has authorized over $10 billion dollars in loan guarantees, insurance, and direct loans to support U.S. exports to Africa.

And in our pipeline today, when we are able to address it, we have over $11 billion dollars in transactions aimed at Africa. As much as this sounds like a good thing, we would like to be able to do a lot more in support of U.S. business doing business in Africa.

But I don't need to remind anyone around the table that it's now been almost two and a half years since the Board of Directors of Ex-Im Bank has been able to meet to consider larger transactions.

So, I'll just close by saying I look forward to a time when the Senate confirms some Board Members from among the nominees before them, so that we can get back to business, and resume our position as an enthusiastic part of the Whole of Government effort supporting U.S. business doing business in Africa. So, thank
VICE CHAIR LANE: David, did you want to also add some comments from the OPIC perspective?

MR. BOHIGIAN: Sure. I think it's something we should pause and reflect on that Germany has a Marshall Plan for Africa. The fact that the Marshall Plan helped rebuild Europe is something that America is rightly proud of.

And the fact that our development finance tools that we're talking around the table today were developed in the wake of that is something we can be proud of.

But we need to modernize those tools. They were put together in the '60s and the '70s without a whole Government approach. And if I'm not stealing Ms. Anderson's thunder I'm going to tell a quick story that Mark Green and I talked about during our confirmation process.

He said that when he was Ambassador he had several different agencies come to him to try and develop a project. And they spent a few months arguing about what logo they would develop
to use for that project, because they were all trying to work together.

And he said, our logo's the American flag. That's what we're doing together as a Whole of Government approach. And so, I know he's committed to that. I know Ray Washburn's committed to that. Director General Assistant Secretary Walsh and I have talked about using the field offices that you have to work on a Whole of Government approach.

And so, I think across this Government and this Administration, and we're prepared to do that. And with the NSC's leadership we're doing more of that every day.

VICE CHAIR LANE: Cheryl, let's let you comment.

MS. ANDERSON: Sure. Thank you very much. I appreciate those comments, David. I would say that we take this, these comments very, very seriously.

And we have tried in the energy sector to take a whole of U.S. government approach
through Power Africa in bringing together all of the tools, the skills, the abilities, the advocacy, convening power of the U.S. government. And I think maybe that's an example to cite in the report.

We are always open to talking to the individual companies, or members of the PAC-DBIA, or the group as a whole on how we could improve that model, and how we might -- I think the time is right for thinking about how we expand that to other sectors beyond just power.

VICE CHAIR LANE: Tom, did you want to interject?

MR. HARDY: I agree 100 percent with David on this idea of coordination. I think this discussion today, the Secretary talking about what are those priority markets, which is going to be critical.

For USTDA this past year we were only able, the demand for, by U.S. companies to get into the African market is higher than we've ever seen.
As the project preparation agency of the U.S. Government we were only able to support four percent of the projects that came to us, four percent of the U.S. companies that came and said, we need help to define and structure needs overseas that will open up financing by OPIC, Ex-Im Bank, World Bank

Or most importantly for the U.S. trained development agencies helping countries make informed investment decisions using their own money.

For USTDA over 50 percent of our projects are financed not by U.S. Government resources, but by host countries investing in quality infrastructure, and having USTDA do it on, at the very beginning stages. Laying the groundwork for making those investment decisions.

So, yes, I really like this conversation of figuring out where are those priority markets, so that we can come together in a coordinated fashion to address this challenge of how do we engage these markets to make a tremendous impact.
VICE CHAIR LANE: Thanks, Tom. Fred, do you want to go ahead?

MR. SISSON: Thank you. I wanted to give a couple of examples of the whole-government approach. Because I think that it's important.

The whole-government approach goes, for example, with the French the whole-government approach goes beyond landing a deal today. It goes centuries in the past.

They've established trade relationships with many of these countries that extend over centuries. So, what ends up happening is, the French step in with initiatives that are tailored to French products. They create terms that are preferential terms, based on a trade relationship that extends over time.

Let me give an example. For example, no liquidated damages on contracts, 20 year tenure contracts, no sovereign guarantee requirement. The reason why they can do that is because they have a strong trade relationship with the country.
The country starts to nationalize an asset, default on a payment term, they turn off the trade spigot. So, that actually, where U.S. companies that are coming in with a focus on landing a deal don't necessarily have assurance of being paid back on that deal 20 years from now, where the French do.

The Chinese do it slightly differently. The Chinese come in with trade volume. They may not have, they have the history, but they also have the volume today.

So, what they're able to do is, they're able to come in with initiatives that they create. They're able to leverage trade relationships that extend beyond the deal. And they're able to do preferential terms around it.

So, what happens is, it creates a --

Today for American businesses stepping into these types of contacts, it makes it difficult for us to compete on a level playing field.

Because we have, for example, when we approach a lender, whether that's a public sector
lender like Ex-Im or OPIC, or whether it's a
private sector lender they say, you know, what's
the assurance that we're going to get paid back?
These guys don't have a requirement to pay us
back. You know, if they default on the loan,
what's, how do we enforce it?

We, I think as we look at these, this
whole-government approach, I think it's a benefit
to us to start looking beyond just the deal. To
look at how we establish strong partnerships with
these countries over time.

VICE CHAIR LANE: I just want to
interject as well. Because as we've been talking
about a lot of the programs, a lot of the focus
is on these bigger projects. But what can't be
lost is the small and medium size companies, and
those opportunities.

UPS is going to be delivering a lot of
packages. And a lot of those packages are small
and medium size companies selling their goods to
many different places.

And one of the challenges is, and just
to touch on your specific question is, you need a country team that's really focused on a core set of issues advancing political and military security interests, and economic interests. And not diffused into representing a lot of other things of the American presence there.

If you have a country team led by an Ambassador with an econ section, and a commercial section that is singularly focused on advancing American exports, you get a lot of powerful advocacy that gets going. And then the opportunities can grow.

Unfortunately, a lot of small and medium size companies not only don't enter the markets. But when they're entering the markets they don't have sometimes the full force of the U.S. Government advocating for them, saying, American brands are the brands that you want to be buying.

If you have a country team that really sees their mission as helping grow American exports, I think there's tremendous opportunities.
I know you have just delivered that message to all the Ambassadors. And that is going to be a powerful message for really getting the advocacy going in support of these companies. And that's going to make a big difference, in and of itself.

SECRETARY ROSS: Well, but we have been pushing the Ambassadors. As the various classes get through the Ambassadorial training I give them a little indoctrination session. And I think it's helped in quite a few of the cases.

But what I'm hearing back from them is, the smaller companies are not applying for help. They don't know the smaller company needs help. And if they don't know there's a problem, you can't solve it.

So, I think what one of the issues, and maybe UPS is in a unique position to do it, would be somehow to circularize your customers and say, look, there are foreign commercial service people, the Commerce Department people, in these various embassies.
If you're having problems there, contact this guy, contact that guy. That would help your business. And it would get us into the loop of the flow.

We hear all the time from GE about the big projects. We hear from Boeing. We hear from the giant companies. And I think they get pretty well served.

I'm constantly pushing foreign Governments. But we don't hear from the little guys. And I think that's a communications problem that needs to be solved on the little company side.

VICE CHAIR LANE: I couldn't agree more. And it's about raising the profile of those export opportunities and developing the workshops to say here's the partnerships that can be put in place to advance those interests. Barbara?

MS. KEATING: I'm one of the little guys. And some of the reason why we don't end up at the embassies or we don't end up at ExIm or OPIC is some of the processes are so large for
small companies to even engage -- to engage OPIC.

We're often suggesting we have to get consultants to even assist us in our own government's processes. And so for smaller companies, that becomes another risk. Do I invest in that?

Also then the time frames often for doing the business or engaging with them are so long that, for a small company to invest in that, to just get the financing, or to get the political risk insurance is arduous.

Some of the things are we've been told when we were close to closing a deal that, no, we were already too late. We should have come earlier at the beginning of the deal. So there are different pieces that even our understanding of what we have to do.

And I would just say that over the years, I know the security issues, but even accessing our own embassies is difficult. So it's those kinds of things that just make it just more difficult for American companies to see the
opportunities.

SECRETARY ROSS: I don't know. I have
to disagree with you. I think any small company
that says it's too hard to seek help doesn't know
what the hell they're doing. I really do. I
have no sympathy with that.

MS. KEATING: I disagree. But the issue
is is that there's just a large disconnect
between the small businesses, and understanding
the market opportunities, and then being able to
pursue those. Oftentimes, it's not in the
Washington area. It would be -- it's in other
parts of the country where they don't have access
to the facilities.

SECRETARY ROSS: Oh no, that's not true.
We have foreign commercial service people
throughout the country. They're running seminars
all the time. I think frankly there's some
degree of lack of initiative on the part of the
small businesses. It may be some of them are not
familiar.

But the idea of the guy saying, oh, it's
too hard to solve the big problem that I have, so
I'm not going to solve it, that doesn't strike me
as a very useful set of attitudes, frankly.

MS. KEATING: I mean, it's often not the
-- it's the entry to the market. It's that they
haven't even entered into the market. So they're
not seeking the solutions from the US. So
oftentimes, where we do seek our solutions is in
the local markets themselves. And that's where
we go instead of to our own facilities here.

SECRETARY ROSS: Yes.

VICE CHAIR LANE: Adrian, could I ask
you to interject as well?

MR. BOGART: Hey, sir, it's Adrian
Bogart from NSC. So I've been convening a series
of discussions with the interagency about this
specific problem. So really, it's not a problem
in doing business with Africa, it's a problem of
doing business with the United States government.
We're highly organized, but we're very difficult
to work with. So there's really no one entry
point into the system that can guide someone, a
small, medium, large business into all those opportunities that exist in Africa.

So for example, if a small company wants to come and do business with Africa, ideally, what we found in our research, in our discussions, is that they could come to USTDA who would give them some opportunities to present proposals, maybe some reverse trade.

And it starts a system that goes through a whole process that actually brings them through the financing, the risk mitigation, even to the point of having a person on the ground to link up with, which would be our US Embassies.

So there's this continuity that we have that we have to really organize for the US government. And that process is underway to present you a recommendation as we use the national security process to do it. So that --

SECRETARY ROSS: So I think the logical people to do that would be the foreign commercial service people. Because they are in place, they're on the ground, they're on the ground
here. And they have no axe to grind, should it be ExIm, should it be OPIC, should it be AID. Why are people not using the foreign commercial service guy?

MR. BOGART: Right, sir. That's exactly what our conclusion was, that the foreign commercial service is the lead for the US government in this process of bringing an American company to do business with Africa. Organizing that so that it's easy to use for the American company is the challenge. That's the real problem. It's not a matter of organization, it's just being able to advertise that we have this ability. That's point number one.

SECRETARY ROSS: But is it a problem of not communicating to the potential corporate customers?

MR. BOGART: Yes, sir.

SECRETARY ROSS: That's the problem.

MR. BOGART: That's the problem. That's the answer to the problem. That's step one.

Step two is while we have government organized,
American industry is organized as well. Step three is the consumer, both the American and the African consumer.

So while we talk of whole of government coming together to support American industry to do business with Africa, not in Africa but with Africa, the last piece that we have is consumer demand, both on this side of the Atlantic and the other side of the Atlantic which has -- Kevin talks about it's a matter of connectivity.

So you're really not talking about three sub-sets, you're talking about one entire program which is a whole of society approach to doing business with Africa.

And we all understand that Africa offers the greatest economic opportunity for the United States for the next 50 years. There's brand loyalty out there that has no match throughout the world. Our competitors are China and Europe as well.

But in order to be there, you have to organize this whole society approach to get
American business with Africa, American consumers
and African businesses together.

And the last point I'll make, sir, is
this. It's a two-way street. While we go to
Africa, we have to bring African countries here
to the United States. An example is Sasol down
in Louisiana and their initial success that
they're having. So two-way trade, free, open,
and reciprocal.

VICE CHAIR LANE: And if I just can
follow-up on some of the comments that Barbara
made, you'd be surprised at the amount of
paperwork, the amount of process, and then some
of the rules where you can't necessarily advocate
for one American company if there's another
American company that offers similar products.

And all those kind of rules sometimes --

SECRETARY ROSS: Well, that's an
inherent issue.

VICE CHAIR LANE: Right.

SECRETARY ROSS: If two American
companies are bidding on the same project, we're
quite limited as to what we can do as a practical matter. We cannot choose among American companies. But I think that's mainly not an issue for the smaller companies. They're not doing the big hydro projects or the other things.

So what is the daunting paperwork for the little companies to use foreign commercial service? This is the first I've heard that they have trouble accessing foreign commercial service. What is the paperwork?

VICE CHAIR LANE: I can share it anecdotally, but -- do you want to go ahead, Kimberly? Yes, you might be a great person to be able to share that.

MS. BROWN: Thank you. Secretary Ross, I have a business, 40 employees, Amethyst Technologies. And we've benefitted from numerous programs. We use the Gold Key Search, we use Advocacy, we also use support, just general support from the Commercial Services Department in Baltimore.

So those are programs that we find
accessible for us in the healthcare sector in Africa. And we also find, you know, support, you know, the continuation of those programs. Because they are available to all businesses.

And as a small business where we don't have a legal team that has expertise in the countries that we work in, we really rely on those services. So we have found those services useful for our business.

SECRETARY ROSS: And you haven't found the paperwork unnecessarily burdensome?

MS. BROWN: Well, we've had really great people that we work with. So for us, it hasn't really been the paperwork. You know, we have Giancarlo Cavallo who we work with who guides us to where we need to be. We've worked with numerous people at Commercial Services in Baltimore.

So it's really having the right person, having the right relationships, that we found have been very helpful. So we don't just go to the website. We're told, you know, look at this
program. These are some of the opportunities.

So having forums where small businesses can meet members of commercial services in person, those are the things that we found are most helpful.

SECRETARY ROSS: You raised the question about personnel. If any of you are finding that the foreign commercial service people in various countries are not very effective, it would be very helpful to me to learn that.

Generally, I've been under the impression that they're pretty good. But if I'm wrong about that in some individual country, you're the ones who should let us know, and we'll deal with it. If there are individual people problems, please tell me.

VICE CHAIR LANE: Tom, go ahead.

MR. HARDY: Mr. Secretary, from USTDA's perspective, I can't commend the foreign commercial service, US commercial service any higher. And they are the eyes and ears on the ground for us. As we're going into countries,
they're helping us. When small business reached
out to the foreign commercial service and they
see an opportunity, they know USTDA's programs,
they send them our way.

We're bringing, to Bogey's point, of
we're the foreign delegations to the United
States on buying missions, bringing the foreign
decision makers to the US to introduce two
innovative US solutions.

The first thing we do as a matter of
course is require our regional teams to reach out
to your USEACs around the country, find out what
are the companies in their specific cities, in
their geographic areas, that we should be
introducing to these foreign decision makers too.

So as a small agency, we're 55 people,
we can't do what we do and have the success we
have without the foreign -- US and foreign
commercial service. And I want to say thank you
to you, to Erin, to the whole team. Because it's
been extremely helpful for us.

SECRETARY ROSS: Now, do we have enough
people in the foreign commercial service? That's
the next question I have. Are they understaffed,
or is there enough staff for the projects that
they're given?

MS. KEATING: Let me add one more comment
which is, oftentimes though, what I see is that
it is shaped towards export of goods and that
that is easy for the foreign commercial service
to handle.

But many of the small companies that
look to export to Africa aren't just selling
goods, they're selling services. And that's
where we start to get into other issues and
compliance issues in terms of we sell software to
different countries. How do you go about doing
that?

So I think that there is a disconnect in
terms of what is sold by US small business and
what we are putting forward overseas.

VICE CHAIR LANE: Fred, do you want to go
ahead?

MR. SISSON: Yes. Mr. Secretary, I'd
actually like to comment, because our experience
with the commercial services team now extends
back five years and involves two secretaries,
your predecessor and also you directly.

We've had several projects that we've
run through commercial services that have
started. We found that the process is relatively
easy to work with. So we have -- we're not a
large company, so we handle a lot of same
paperwork. We have goods that are exported from
the US to Africa which I think maybe makes it a
bit easier than some of the soft goods and
services.

But we've had a tremendous level of
success with our projects. I was -- out of three
that we have contracted, all three were rejected.
Had it not been for advocacy and direct interface
between the embassy and the foreign government,
which had a preference towards French suppliers,
we wouldn't have been able to win those projects.
But we won all three.

We have a project that is currently
going through a contracting process that you
helped recommend with a letter of advocacy to the
government. And that, plus ExIm's efforts, have
really been enough to move that to a contract
discussion.

So I have lots of good things to say
about foreign commercial services as well as
advocacy. And I appreciate your help.

SECRETARY ROSS: Thank you.

VICE CHAIR LANE: Go ahead, Bob.

MR. SCOTT: All right, just real
quickly. To speak again about whole of
government, the partnership between state and
commerce in the form of commercial service is key
in Africa as well.

We've got the regional folks from SCS
who are there. Forty-one of our colleagues with
the State Department, usually the econ officers,
are in fact representing the commercial interests
at the embassies.

And so that's a very important synergy
that we've got going, of being able to tap into
the hubs, understand what they're looking for,
and then have our folks work with them if they're
not present on the ground at the time. But
that's also an important relationship.

VICE CHAIR LANE: Just to close out this
discussion, I just want to recap. It really does
come down to the mission and the message that's
sent to the people that are on the ground. Those
processes become cumbersome if you don't have the
right people to help you navigate through them.

And so the companies around the table
here are the ones that are succeeding, that have
been using the programs that have been
partnering. What we need to do is find more ways
to get more companies to be doing the same,
understanding the programs are there and having
the right coaches and mentors.

And so the State Department, having a
clear mission being sent by the Ambassador that
the econ officer's job is to help expand American
goods and services is a powerful one, working in
partnership with the foreign commercial service.
So whatever the paperwork is, someone's helping the small and medium-size guys work through it and then export and deliver more. And so there's a lot of opportunities for growth. And it comes with the right people, with the right mission, and the right message.

Let me next turn to Andrew Patterson of Bechtel to present on the local content requirements issue.

MR. PATTERSON: Great, thank you. The local content office is a major issue in Africa. And we're seeing African nations react to, I think, some of our competition from the East where they've come in with large amounts of their workforce. And they're creating these local content policies that are almost too far reaching in some cases.

I think American companies specifically, and one of our big focuses as a company, is building local content and capacity building. But one of the issues that we're seeing is they can be too far reaching. And they could be
everything from setting to high of a standard in localizations to items such as joint ventures.

So in some countries where they require a 51 percent share with a local company, and if you're looking at a large infrastructure, a mega-infrastructure deal, that's a pretty big stake to give to a local company. And those are particular issues that we would see as a company as a challenge.

And I know that for small and medium-size companies that can also be a big impact when you're looking at small margins or small amounts of employees. This can really have an impact on the decision to make business there, such as it would increase the cost, and it can sway you to stay away from it.

And what is our competition doing? They don't always follow the rules, and they play by different rules. So as an American company, when we're doing business there, we look to follow the rules and to adhere to it where other companies may take other means to skirt those rules.
So when we look at what are those requirements in those countries for local capacity building, training programs, as far as partnering, it can be a big decision of do we spend our time and invest. And for Bechtel, it's definitely a big decision. It's one of the first things we look at.

Although our value proposition is really building capacity, if you look at some of our projects in Angola and Gabon, we've had over 80 percent, some of the local content through employments. And we're looking to do the same in Kenya when we go there.

But what you start from on day one is very different from what you're going to get to in day three, or sorry, year three. So when we look at our project, we may bring in 200 expats at the beginning, which is 80 percent of the population of that project. But as you ramp up to several thousand employees and you've trained those employees, you then convert over to 80 percent, so getting that right balance.
And one of the key messages, I think, we can be giving to governments is local content programs should be one size fits all, right. It should be adapted to different industries. What applies to a long-term manufacturer, to a commercial business, to a construction project, can be very different. And I think that message can be passed on.

One area that I've seen our competition is, under these MOU structures, is creating avenues for specific projects that have exemptions for those local content or having different targets to be reached over years.

But I think if we pursue the MOUs in different countries, you can embed some of those targets within it for different types of projects to be able to allow us to compete and give the governments what they want which is ultimately building the capacities of skilled transfers which I don't think anyone can do better than the American companies can do. We have great experience at it.
And I think we have a lot to offer on the Continent. And we see general excitement on the Continent of US companies coming. And the government agencies and local companies are very excited to say we want to learn from you. We want to get to that next level. Thank you.

VICE CHAIR LANE: Connie, could we get some of your thoughts on this?

MS. HAMILTON: Again, thank you, Mr. Secretary and Mr. Ireland, for the opportunity to be part of this important discussion.

SECRETARY ROSS: Can you put your mic on please?

MS. HAMILTON: It's on. Is that better?

SECRETARY ROSS: Yes.

MS. HAMILTON: Okay. It's not surprising that the report identified local content requirements as a significant problem in doing business on the Continent. At USTR, we have been hearing complaints from companies for years about this issue. It's spreading, and more and more countries are taking it intact.
It has been a challenging practice to address. The requirements have political appeal for African officials who claim that at least the local hiring and sourcing would not otherwise take place. There's a lot of public support for these requirements on the ground.

The US government has argued against the requirement, saying that it discourages investment. But that is pretty much an abstract argument, because it's hard to prove a negative. Also, US companies we find are not willing to forcefully challenge the measures so as not to antagonize local host governments.

Last month, an influential think tank in Nigeria released a study on local content policies that argues for a more nuanced approach, and they point out that some policies have been ineffective.

We are currently studying their analysis, but it will interesting to see whether other African governments will be more responsive to studies from African think tanks that show
that local content requirements are not doing
what the governments hope they will do.

We also believe that new opportunities
to work with the African Union, with their new
leadership, to address a lot of issues that
affect foreign investment is an opportunity to
bring up this local content requirement as well.

Thank you.

VICE CHAIR LANE: Mr. El-Tohamy?

MR. EL-TOHAMY: Yes. Takreem El-Tohamy
from Information Technology Perspective. I would
like to add that policies around privacy and
security or those around protecting local firms
which require part of or all of the company's IT
operations that take place within their country's
borders are misguided. They, in fact, do the
opposite at quite significant cost.

For example, forced data localization
policies which create costs for local firms as
overall hosting data cost will increase by 30 --
60 percent. And this is because the Internet
enables internalized data storage and processing
taking advantage of economy's scale and cloud computing.

When governments break apart these efficiencies, they exponentially raise the cost of doing business. So forced localization ultimately hurts US small and medium-size businesses who cannot compete and do not have a level playing field.

VICE CHAIR LANE: I think another important aspect to competing in the African Continent relates to the public procurement process and specifications. And so I'd like to turn to Bill from Acrow Bridge to talk specifically about that. You've got a lot of experience there.

MR. KILLEEN: Sure, thanks, Laura. First of all, Acrow, we are a manufacturer of steel bridges here in the United States. And we export them around the globe. Most of our work is in the public sector, if not almost all of it.

To Kevin's point, we're into the physical connectivity side of things. We try to
connect that port inland or vice versa.

So Acrow's a true SME, and I think where we could start is first talking about the best value. What we would like to do is be able to provide public procurement under a bidding process, best value. And the way we see doing that is based on, first, quality.

The quality of the product would be we have manufacturing done under very tight quality controls. It's by a certified staff. And we're also certified by about four outside audit firms. We have the expertise of our engineering team that not only designs it, but we also go out into the field to provide the guidance to ensure that the bridges are built both safely and where they'll support the loads.

And then the life cycle cost, when we design bridges, typically we're designing them for 75-year lives or longer. And we don't always find that to be the case.

Now, when the bids are based on low cost, it does create an uneven field, and it also
creates access for what I call massaging the specifications.

The design of bridges can be complex. You can manipulate the specs and have the bridge appear to be compliant when, in fact, it is not compliant. And when these types of events are occurring, it can have a dramatic and pretty terrible impact as far as human injury or even death.

So what we often find is that when a country is going purely on low cost, or maybe they've tailored their specification for a specific vendor -- Fred you were mentioning how something might be tailored specifically for a French company -- we do run into that also. And we try to work around it as best we can. But it doesn't always work, because logic and engineering expertise doesn't always satisfy the buyers in the end.

So with the low cost approach also, what we find, you know, ethics can be negated. And there may be other driving factors that we're not
aware of as far as that it's not just low cost
but there's other reasons why a specific company
is being chosen.

Now, one thing I've found is also, even
if the process is good, let's say it's a best
value process, and there's good specifications
written, there's a real lack of knowledge to be
able to review the product specifications that
they're receiving from the vendors. And this is
something that over time, I guess, needs to be
resolved as far as through training programs and
so on for these procurement agencies.

So that's what I have. I thank you, Mr.
Secretary, for this, you know, for this time.
And thank you to everybody for letting Acrow be
here.

The one thing I will say, Mr. Secretary,
is that we definitely have used the foreign
commercial services very effectively. Paul, my
colleague who's here with me, he's done a
wonderful job in engaging them.

I think if I had one comment I find that
the larger the country that we're working in, where maybe the US Embassy is quite a large organization, that's where a company my size seems to kind of get lost. The Boeings can walk in there, and they can get the attention that they need. But if we're working in Cameroon, or if we're working in Zambia, we get great foreign commercial services. Because we have the relationships.

SECRETARY ROSS: Thank you.

ME. KILLEEN: Thank you.

VICE CHAIR LANE: Erin, can I ask you to interject?

MS. WALSH: Sure. Thanks very much, Laura. And thank you to the Committee for bringing up this very, very important issue in identifying that public procurement, and process, and specification is key to competition in the playing field.

The US government does have the tools. One of the things that we have which Tom is going to bring up is the Global Procurement Initiative.
The other thing that we have within the Department of Commerce is the Commercial Law Development Program which offers technical assistance and programming that could be targeted to specific countries, if we're talking about specific countries that we want to work with, as discussed earlier.

Furthermore, as I think many of you are aware, we do have the Advocacy Center within the Department of Commerce. Steve Reina just arrived. He's the director of the Advocacy Center. That is something that we encourage you to get involved with early on.

One of their key focuses is just helping companies to level the playing field and be there as your advocate. So we encourage you all and to share with your colleagues the importance of the Advocacy Center and engaging them early.

The Council's report also talked about the importance of best value procurement. That is something that certainly we want to encourage all of companies, that is the competitive edge
that the United States does have.

And we welcome the focus of the Council on lifting standards of procurement practices among African countries. And we look forward to seeing more how Commerce can do and to help each of you. Thank you.

VICE CHAIR LANE: Tom, can I ask you to add as well?

ME. HARDY: Sure. I'll be very brief. But I think Erin's right. The US Trade Development Agency launched its Global Procurement Initiative specifically to address this quality infrastructure deficit that's taking place in Africa.

Where we launched the program was in Botswana. Because what Botswana was investing in was poor quality infrastructure that was failing the test of time. And Botswana, as a procurement authority, came to us and said how do we entice more US companies? We don't understand. We've got airports being developed, power plants being developed, and US companies aren't even bothering
to bid.

So USDA, together with the GW Law School, has launched a the Global Procurement Initiative working closely with our colleagues across the government, working already in six countries across Africa. And it's something I know you and the Secretary have talked about, is the importance of procurement.

And even this month in Viet Nam, the President talked about the importance of investing in quality infrastructure across the Continent and really happy to see that it's made it in this report. Because it's been a driver of our program for the last four years. It's gotten specific funding from Congress to expand it.

And we actually are proud of our support of Acrow Bridge, not in Africa but in Latin America, working with Chair John Coronado with the foreign commercial service who really allowed us to use this best value approach to start winning contracts for US companies. So thank you.
VICE CHAIR LANE: Andrew, did you want to get --

SECRETARY ROSS: How do we inculcate best value into bidding processes? I can see where some of these countries, you can measure the bid itself. How on earth do we convince them that there really is a quality difference? How do you prove a quality difference?

MR. HARDY: We've actually -- we have a number of -- one is quantitative, in Botswana. We are hearing from the procuring authorities that they are now receiving bids from US companies where there was never any US companies interested in bidding before. So they've been able to quantify at least that US companies are now engaged in bidding on our procurements and otherwise.

The other portion, the most important, crucial part of the GPI program is at the end of the day the last component of the initiative is actually inserting technical experts into the procuring authorities to help the procuring
authorities define the standards to make sure that best value, life cycle cost analysis is utilized in their standards for their RFPs.

So we're actually putting people into ministries, into procuring authorities to help them take what they've learned working with GW to implement that so best value and not least cost is utilized.

SECRETARY ROSS: Thank you.

VICE CHAIR LANE: Andrew, do you want to give the final comment?

MR. SISSON: Mr. Secretary, I just wanted to make one quick comment. One of the things for best value that we've noticed is financing. Who assumes the technology risk in the financing terms to actually determine best value?

So if you have a good quality product, your financing terms over the long term are cheaper than if you have a cheap product that you're trying to finance.

MR. PATTERSON: This is actually one of
the areas that we've struggled a lot. And first
perception is American companies are too
expensive. And as we demonstrated, other
companies in other nations may play different
rules on how they bid. They bid particularly
low, knowing that they'll change the price later,
or that they'll deliver less quality. And then
it becomes an operational issue.

So I think this is actually an area
where private sectors can help lead that charge.
And it's one of the things that we do. We
typically say if the first time you've heard
about tender is when it's issued, you're too
late. So you need to be there before, early,
talking, engaging with the agencies, with the
clients.

And I think this is working with the
different agencies in the US government, working
with reverse trade missions. So when the
governments come here, they're not just meeting
US companies, they're meeting with US agencies.
And so they can talk about power projects, they
can talk about road projects, they can talk about
manufacturing, hospitals, issues, and they can
get those real world experiences.

One of the things that we always offer
to potential clients is go meet our last customer
that we delivered this too. Don’t listen to us.
Go talk to them and hear the real issues behind
it.

Because what people will sell to get the
contract is not necessarily what the governments
ultimately want, and it can turn into a more
expensive product. So just because you issued
the lowest price, doesn't mean it's the lowest
cost to the government in the end.

CHAIR IRELAND: Okay, just in the matter
of time, we have one more section to go through.
And we have a half an hour of the Secretary's
time. So if we can keep it moving, it'd be
appreciated.

VICE CHAIR LANE: So the third section of
our report focuses on operating in Africa and
some of the challenges that companies face in
their day to day operations that keep them from growing.

And the three biggest issues that the Council identified are the lack of a skilled local workforce, currency volatility and lack of access to US dollars, and outdated, ineffective trade facilitation and transportation infrastructure.

So I'd like to turn it first to Kimberly Brown of Amethyst Technologies to talk about that lack of skilled local workforce.

MS. HAMILTON: Thank you very much. Thank you, Secretary Ross. Workforce development in Africa is near and dear to Amethyst. We started in 2008 with a US Army contract to train healthcare workers at 21 health facilities in Tanzania.

Since we worked on that program for seven years, it was successful. And since that we now have the opportunity to support USAID in Tanzania working with 1,200 facilities, quality assurance and compliance for the PEPFAR Program.
there.

So the PAC-DBIA identified workforce shortages as a primary barrier to US companies conducting business in Africa. And it impacts companies of all sizes.

Despite Africa having promising age demographics, data released by the World Economic Forum indicates that workforce development efforts have failed to harness the potential on the Continent and appropriately align education and training with needs of US private sector.

Efforts to support workforce development programs need to be long term and cross-cutting across sectors to improve alignment with future economic growth opportunities. And this will lead to an increase of US competitiveness and business exposure in Africa.

Lack of human capital has a pronounced effect on highly technical sectors including healthcare, information and communication technology, and other areas that heavily rely on persons who are educated in science, technology,
The health sector, for example, has become increasingly reliant on access to highly skilled human capital. Laboratory technicians are needed to accurately diagnose disease which will reduce overall health costs and minimize health burdens. Service technicians to maintain equipment is needed, and clinicians to be trained on the leading, latest medical technologies.

For example, in some of the countries we work with, there's a shortage of as much as 7,000 healthcare workers. And countries can produce as little as 15 doctors, general practitioners, every year. So even in a century, they're never going to be able to meet the gaps,

Successful market entrants are leveraging public, private partnerships to deploy skills, development programs, and develop human capital to meet business needs. Africa China World Bank Education Partnership Forum and the Partnership for Skills and Applied Sciences, Engineering, and Technology are two examples.
Finally, efforts in some African markets to discourage the use of expatriate workforces, and we talked about the local content, underscore the importance of harnessing in-country resources and developing local human capital.

Thank you very much, Secretary Ross.

VICE CHAIR LANE: Jonathan, can I turn to you?

ME. NASH: Great. Thank you, Laura, and thank you, Mr. Secretary. First of all, let me just reiterate or echo the sentiments of my fellow US colleagues around the table and congratulate the Council on putting together a very thoughtful and useful report.

M.C. very much supports the mission of this Council. It aligns very much with our mission, and that is to reduce poverty through private sector-lead economic growth. We're very committed to Africa. In fact, $9 billion of the $13 billion that we've invested since 2004 has been on the Continent of Africa. And so we very much want to serve as a bridge for US companies
that are looking to do business in Africa, do
business with Africa, and invest alongside of us.

So on this issue of the skilled
workforce, we very much concur with the Council's
observations. Every time M.C. starts to work
with a new country partner, we carry out a
constraints to economic growth analysis to find
out what are the real barriers for the private
sector in terms of additional investment.

And increasingly, these analyses are
identifying human capital as a critical issue.
And as such, our recent programs and recent
compacts have included a number of components
around technical and vocational educational
training.

For example, just a couple of weeks ago,
we signed a $525 million program with Cote
d'Ivoire. The majority of that program will
focus on logistics, infrastructure in and around
the port of Abidjan. But we did include $155
million program targeted towards new technical
vocational educational training in a new model
whereby you will be partnering with the private
d sector so that this really is a public/private
partnership and a demand-driven T-VET approach
rather than a supply side which is what we see in
a lot of our country partners.

So we very much, with this particular
program, want to see US firms that are already in
Cote d'Ivoire or want to work in Cote d'Ivoire,
take advantage of this. Let us help lower the
cost and risk of you investing in training and
getting the workers with the right skills that
you need to carry out your businesses.

And I think given, you know, the
observations the Council's made and what we're
seeing in our own analyses, I will anticipate
that our future programs in Africa will include
more and more of these kinds of educational
programs. So thank you.

VICE CHAIR LANE: Thank you, Jonathan.
Cheryl, did you want to add a quick comment?

MS. HENDERSON: Sure, thanks. I think
this may be a good point to talk about the
importance of our role in helping to put
countries onto a path to self-reliance and
prosperity.

In general, so we need these growing
economies, and good consumers, and markets, and
trading partners as well as democratic governance
and rule of law, also things like a skilled
workforce.

So I think Kimberly said it very well.
Some of the things that we have learned through
the evidence and our experience, just a couple of
things, it's so important to align any workforce
develop efforts with the needs of the private
sector. And you are our partners in that.

You know, I've seen many programs that
train people, and those people have nowhere to
go. And it's useless. In fact, it's counter-
productive in many cases. And we need to think
about the needs of the private sector today and
tomorrow.

And then the other point I would make is
that there is a real importance in Africa for
also just basic professional skills development.

Thanks.

VICE CHAIR LANE: Couldn't agree more.

Fred, for the final comment?

MR. SISSON: Sure, sure. I'll keep my comments fairly short. The lack of a local skilled workforce impacts on two different levels as a company that's entering. One is the execution of projects. When you don't have a skilled workforce, you have to import workers which comes at a greater cost, and it also has political risks associated with it as you start disenfranchising the local community.

And, more importantly, operationally. As you're trying to -- we operate projects over the long term. As we go to operate projects over the long term with an unskilled workforce, and that means our business center in that area is no longer -- has difficulty achieving profitability. As a US business going into Africa, you have to be profitable over the long term. So a skilled workforce is very important.
VICE CHAIR LANE: Thank you, Fred. I want to turn to the next topic on currency volatility and lack of access to US dollars and turn it over to El-Tohamy.

MR. EL-TOHAMY: The investments of US companies operating in Sub-Saharan Africa are highly susceptible to risks related to the foreign exchange environment.

Specifically, those companies face significant exposure to currency volatility including depreciation of African currencies and lack of access to foreign exchange, especially low availability of US dollars. The relative strength of the US dollar in recent years has increased these risks. These risks, especially in tandem, reduce the competitiveness of US companies, and slow the export of US goods and services.

Currency volatility exposes US companies to uncertainty regarding the value of an extent to which they can profit from their investments.
This is especially true in commodity-dependent markets like Nigeria and Angola. The global debt and commodity prices, in particular the downturn of crude oil, has increased these risks to US companies and investors.

For instance, the Nigerian naira fell nearly 17 percent following the initial 2015 plunge in all prices and continued to weaken in 2017, falling by 11 percent over just six months. 

More diversified African markets have also seen volatility in recent years. The South African rand has seen significant fluctuation since 2011. 

US companies' investments are also undermined by foreign exchange controls in several of the Continent's most attractive markets, including Angola, Ethiopia, Nigeria, and South Africa. Stringent or unpredictable currency controls present an obstacle as it limits access to foreign exchange services.

Therefore, sourcing and payment in US dollars is increasingly difficult for US companies due to an unavailability of US dollars for purchase.
So I'll close by adding that these foreign exchange controls also undercut the ability of US companies to repatriate funds. It makes it harder for US companies to fully realize returns on investments and impacts the ability of US companies to use those monies back in the US.

VICE CHAIR LANE: Thank you, Takreem.

Eric, did you want to add some additional thoughts from the Treasury Department perspective?

MR. MYER: Thank you, Laura. I might just note, from our Treasury perspective, one of the key ways we look at this issue -- and I think you rightly point out that this has become a more troubling issue across many parts of Africa -- is the key link to macroeconomic stability and good economic policies. And both of those are prerequisites for growth.

And what we've seen in Africa, and I want to go back to the comment that this is a very diverse continent, and the economies are very, very different -- so you highlighted, I
think, a few very critical examples in some very, very different places though.

So as Kevin mentioned earlier in the conversation, this is still a very resource and commodity-intense continent, by and large. And in recent years, we've really seen the impacts of commodity price falls across the Continent. And that has led to currency impacts which would be expected.

But as you said, countries have dealt with this in very different ways. In some cases, we've seen currency volatility, sometimes excessive currency volatility. In other cases, we've seen governments which have tried to maintain the level of the currency and introduce a range of different policy measures. That oftentimes led to outcomes that were not helpful for the business community.

We've seen multiple exchange rates, we've seen introduction of capital controls. And, you know, this is going back to Kevin's earlier comment as well, this is all
interconnected. And there are also then opportunities for rent seeking and corruption which clearly then drives additional political and policy factors.

We've also seen political risk in the Continent, in some economies, lead to currency volatility. And that is also an area where you would hope to see stronger political responses that could help create confidence in those markets.

So there are a whole range of drivers here. I think we try to look at them from a policy lens.

And I think that's also very important for you as businesses in that you want to know what the policy response in a government is going to be if they see pressure on their currency. What is the Central Bank going to do? What is the government going to do? How are they going to respond? Are they going to remain committed to having a freely floating currency or have they communicated clearly where their tolerances and
limits are?

So I think those are important things.

It was mentioned earlier, and I do want to
highlight again the issues of anti-money
laundering and related types of behaviors. That
also can have a chilling effect, I think,
particularly on the access maybe to dollars in
some markets, that has proven to be difficult.

And here I think there's a role also for
businesses in that it helps us in our dialogue
with countries if they are also hearing from
businesses that you care about these high
standards. You want to make sure that they're
applying very rigorous anti-money laundering and
corruption screens and standards into their
transactions. So I think that's another
important element as we go forward.

And then I'd be remiss if I also
mentioned that, while we've talked a lot here
about the whole of government, we as the US
government also can bring in other actors. So on
these types of issues, we have Treasury work
very, very closely with the international
financial institutions, the IMF, the World Bank,
and other partners who are deeply engaged with
many of the countries in Africa to try and
improve the policy environment.

And so they're hearing your input. It's
also helpful for us when we work with them and
our other partners on the ground to try and get
governments to put in place better policies.

Thank you.

VICE CHAIR LANE: Thank you. And I think
we've come full circle in terms of a lot of the
issues. And the very initial question you posed,
Mr. Secretary, why isn't more trade happening,
one of the fundamental issues relates to a really
simple issue, trade facilitation and
transportation infrastructure. If it's stuck at
the border and you can't get it from beyond the
border to the final customer, no trade's
happening.

And so there has to be a real focus on
advancing trade facilitation. Focus on three
areas, make it electronic, take away the paper processes, adopt advanced risk assessment processes that are the kind that are globally accepted. And you can move a lot of trade. And again, focus on the infrastructure. We've got great companies like Bechtel and Acrow Bridge that are ready and able to provide that infrastructure.

The reality is, and we talked about it in our report, the World Bank estimates that Sub-Saharan Africa needs to spend approximately $93 billion annually over the next ten years to narrow the infrastructure gap. Let's fill that gap with all American companies bridging those differences, building those roads, and enabling the delivery of those goods and services like never before.

So I'm keeping those comments brief, but trade facilitation and transportation infrastructure, they're the beginning, the middle, and the end of all trade that happens on that Continent. And we need more American
companies in that mix. I'd like to turn it over to you for some comments on that.

SECRETARY ROSS: On the overall program, or on the trade facilitation?

VICE CHAIR LANE: If possible, on the trade facilitation part. But we are limited on time. And so it's at your discretion, sir.

SECRETARY ROSS: Well, on the trade part, I totally agree with you that it's a horrible reason to have lack of trade, to have bad procedures, inefficient procedures. I do think, though, in a lot of cases, those are kind of deliberate, because they're means for corruption. And I think that's the hard part to solve.

The technology itself is well understood. It's readily available. There's no reason people can't do it if they wish to do it. And my impression is it's not even all that expensive.

So I think there's a cultural issue that we're going to have to face. And that comes
along with the overall improvement in government ethics and government procedures throughout not just Sub-Sahara but a lot of parts of the world. So I think that's the hard part of the problem, not the mechanics.

What maybe we could try to do is, where we're providing direct aid to a country, maybe try to impose some sort of an allocation of resources toward that so that they'd at least have the mechanics in place.

And presumably, clever people could find a way to be corrupt even with better technology. So it might not interfere too much with that part of their process. But at least it would speed things up. So I think that's something we all ought to give -- we in government ought to give some thought to, should we tie things to that. Because we all recognize that's a big issue.

In terms of the overall, on behalf of President Trump, I'm really delighted to receive the report that you've adopted here today. And with this analysis complete, we all look forward
to the next phase of the PAC-DBIA's work. That's to include actionable recommendations, some of which we kind of sketched in today, on what the US government should do to address the challenges that we have discussed today.

And in addition to our request for recommendations to the government, I remind the Council my other request was a compilation of your personal lessons learned through your experience approaching, competing, and operating in African markets.

This kind of business advice from the Council is actually an idea that organized during your first meeting back in February. And I believe it will make an excellent complement to your advice to the government.

Depending on how it's put together, we might even give some thought to whether that should be published and perhaps used as a kind of guidebook or handbook for new companies thinking about going out there. So if in drafting your remarks, you could give some thought to putting
them in a form that maybe could make a volume
that would help other companies, I think that
would be a very good and very tangible work
product coming out.

Finally, regarding the fact finding trip
that we have proposed to undertake to one or
maybe more than one of the African countries, I'd
like you begin crystallizing the potential
details for such a trip. We had previously
targeted late spring 2018 for the trip. And that
timeframe looks good from my point of view.

But most importantly, I'd like you to
determine a consensus list of what are the top
four countries that this group feels we should
visit. Please propose a list by the end of this
calendar year so that we can begin detailed
planning by early 2018.

And with that, I'd just like to give one
more round of thanks to my US government
colleagues for their thoughtful comments today
and the ongoing support of the NSC for the PAC-
DBIA. Thank you very much.
CHAIR IRELAND: Thank you, Secretary. Appreciate your support. I've got to do one kind of process thing here which is are there any objections to adopting the Council's report for the record?

SECRETARY ROSS: I guess I should have waited for that first?

CHAIR IRELAND: That's okay.

(Laughter)

CHAIR IRELAND: Okay. Can I have a motion to proceed?

VICE CHAIR LANE: I so move.

CHAIR IRELAND: All right. And second?

And then all in favor?

(Chorus of ayes)

CHAIR IRELAND: Okay, thank you. Just from a close from my perspective, again, I'm very excited about the potential for us to continue to move forward together and really present a unified front. There's a lot of opportunity, as we all know. And at the same time, there are issues, but none that are insurmountable if we
work together.

    So I look forward to the Council, the PAC-DBIA, as well as the US government agencies in really putting together a great plan. And we'll start that with a trip.

    SECRETARY ROSS: Good. Thank you very much. Enjoy the rest of your day.

    (Whereupon, the above-entitled matter went off the record at 11:25 a.m.)
CERTIFICATE

This is to certify that the foregoing transcript

In the matter of: President's Advisory Council on Doing Business in Africa

Before: US DOC

Date: 11-29-17

Place: Washington, DC

was duly recorded and accurately transcribed under my direction; further, that said transcript is a true and accurate record of the proceedings.

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Court Reporter