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Before the Committee on Foreign Affairs, Subcommittee on Africa and Global Health and the Committee on Energy and Commerce, Subcommittee on Commerce, Trade and Consumer Protection

June 24, 2009

2:00 p.m., 2322 Rayburn House Office Building

Chairman Payne, Chairman Rush, Ranking Members Smith and Radanovich, and Members of the Subcommittees, thank you for the opportunity to testify today about the U.S. Trade and Development Agency's role in advancing economic development in Africa and creating jobs here at home. I welcome the subcommittee's interest in USTDA and look forward to outlining our programs and some important successes that highlight the unique trade and development mandates of our Agency. The successes that I will describe here today are representative of the opportunities present throughout Africa for U.S. companies.

Chairman Rush, I know that you have emphasized the exploration of new markets as a vital element for stimulating the U.S. economy. I could not agree more and I also agree that African development and trade must be a priority. This is precisely the mission of USTDA -- to promote development in developing and middle income countries while creating opportunities for U.S. exports and the creation of U.S. jobs.

Mission of the U.S. Trade and Development Agency

In carrying out this dual trade and development mission, the Agency is unique among U.S. Government agencies in the way it brings U.S. equipment, technology and expertise to bear in advancing economic development and U.S. commercial interests overseas. Specifically, USTDA relies on the U.S. private sector, through contracts with the Agency and its grant recipients, to carry out project-specific feasibility studies; technical assistance programs; reverse trade missions, which bring prospective foreign buyers to the United States; and business workshops that better position U.S. firms to compete for contracts associated with project

implementation. It is important to note that, in order to ensure that our program remains targeted and effective, we focus on sectors where U.S. firms are competitive such as energy and the environment, with a focus on clean energy development; transportation; and information and communications technology.

Using this model, we have seen the benefits that exports provide to both host countries and the U.S. economy. The success of this approach is demonstrated by a historical return of over \$35 in exports of U.S.-manufactured goods and services for every program dollar expended. In total, USTDA's program has directly contributed to over \$31 billion in U.S. exports. During my time here today, I would like to provide you with concrete examples of how USTDA-assisted export activities have benefited African nations and U.S. companies, large and small.

### USTDA's Program in Africa

However, before I do I would like to emphasize that now is a particularly important time to focus on Africa as a U.S. export market. First, the impact of the global downturn, if unchecked, can have a severe impact on the many humanitarian and economic accomplishments achieved on the continent. Furthermore, in the U.S. it is clear that as markets have contracted for U.S. goods and services, others must be sought to support existing jobs.

Hearings like today's showcase the opportunities and successes that many African nations represent. I would like to take a minute to highlight a couple of projects that illustrate how USTDA's program is a catalyst for development in Africa and the creation and retention of jobs in the United States. In 2002, Roeslein and Associates, a 200-person manufacturing company based in St. Louis, MO, approached USTDA with an idea for selling American-built aluminum can manufacturing equipment in Nigeria. The company had identified Nigeria as a potential new market and asked that the Agency share the cost of a feasibility study to confirm the market potential and economic and financial viability of manufacturing aluminum cans in Nigeria.

After due diligence on our part, USTDA provided the assistance requested by this small Midwestern company, recognizing both the commercial viability of the project and the likelihood for successful project implementation. Ultimately, Roeslein and Associates secured a contract for over \$30 million to build, ship, and

reassemble an aluminum can manufacturing facility in Nigeria that was financed by the Export-Import Bank of the United States.

In January of this year, I was invited to the Roeslein manufacturing facility in Red Bud, Illinois to witness the send off of the newly manufactured equipment. During the visit, I had the opportunity to meet with several of the workers who told me how difficult times were in Red Bud and how grateful they were to still have their jobs thanks to our initial assistance. To top off the visit, Mr. Roeslein provided USTDA with a check fully repaying the grant that opened the door for them in Nigeria.

The Roeslein story is but one of the many in which USTDA has been the catalyst for assisting U.S. companies in expanding their markets both in Africa and around the world.

My second example involves a major infrastructure need common to many African countries. The lack of affordable and reliable power is often a significant limiting factor for economic development.

Just under a quarter of sub-Saharan Africa's population has access to electricity. To put this into perspective, sub-Saharan Africa generates 63 gigawatts of power for roughly 770 million people – about the equivalent that Spain produces for its population of 40 million. Nowhere is generating capacity more critically needed than in southern Africa. As these African countries have advanced, their demand for reliable and inexpensive power has significantly outstripped supply. While South Africa once produced and exported cheap energy, prices have now skyrocketed and all partners of the Southern Africa Power Pool are suffering from long-term brown outs and black outs. Countries like Botswana, Namibia and Zambia, which once relied heavily on South African energy exports, are now scrambling to ensure their own energy self-sufficiency.

Recognizing the need for more and diversified energy sources, USTDA partnered with the Botswana Development Corporation to fund a feasibility study to determine the viability of coal-bed methane natural gas extraction, or CBM, in Botswana. In addition, USTDA funded a reverse trade mission that brought key Botswana decision-makers to the United States to examine production facilities and meet with U.S. industry representatives and potential financiers of the project.

Based on the positive recommendations for the coal bed methane project, the Overseas Private Investment Corporation provided an \$8.5 million investment guaranty to the Kalahari Gas Corporation to fund the drilling for this new clean energy resource. Since that investment guaranty, U.S. companies have benefitted from the continuing expansion of this project, having now exported a total of \$52.9 million in U.S.-manufactured goods and services. These are the first crucial steps towards Botswana's energy independence. Moreover, this new energy resource may over time even make Botswana an energy exporter and a contributor to southern Africa's continued economic growth.

But that is only part of the story. By extracting natural gas, Botswana will be utilizing a cleaner fuel than coal. In addition, the process produces water that can be used for irrigation or by industry, thereby replacing scarce potable water that is currently being used for those purposes. Finally, capturing the methane that is associated with the natural gas supply significantly reduces greenhouse gas emissions that would otherwise occur through natural seeps or ventilation during mining.

#### Working with Small Business and Industry and the U.S. Government

Small businesses are the foundation of the U.S. economy and of USTDA's program. The Agency supports U.S. small businesses by helping them expand into emerging markets. For every project considered for funding, USTDA relies exclusively on the technical expertise of small consulting and engineering firms to perform due diligence activities that help define projects, provide sector specific guidance, and evaluate technical and economic impacts. In addition, small businesses successfully compete for larger USTDA-funded projects, such as feasibility studies; training; and technical assistance activities. In fact, small businesses are awarded, on average, 50 percent of international contracts associated with USTDA's program that range from \$100,000 to \$1 million. One of the key benefits of working with USTDA, from the viewpoint of a small business, is the access the Agency provides to international markets that are often difficult and cumbersome to navigate. As a result, many small businesses have been able to grow through the international contacts they have made while working with USTDA.

More broadly, working with industry trade associations such as the U.S. Chamber of Commerce, the National Association of Manufacturers, the Corporate Council

on Africa, and others such as the Business Council for International Understanding, as well as private companies like Motorola who is here today, USTDA has developed a successful program that matches the development needs of our partner countries with the best U.S. expertise and ingenuity in the manufacturing and services sectors. USTDA's partnership with the private sector helps to guide the Agency's investments toward projects that are most likely to be implemented using U.S. goods and services, thus supporting U.S. jobs.

Developing partnerships with U.S. business and with overseas project sponsors is just one part of USTDA's mission. USTDA also collaborates with other Federal agencies, including the Departments of Commerce, State, Agriculture, Energy, Transportation, and Interior, the Office of the United States Trade Representative, the Federal Aviation Administration and the Environmental Protection Agency to bring their technical expertise to bear in advancing projects designed to open commercial opportunities to U.S. firms. Additionally, USTDA works closely with Ex-Im Bank and OPIC to advance its program by targeting projects that are eligible for financing from either organization.

## Conclusion

I would like to thank the Subcommittee for inviting me here today. Exports to Africa benefit both Africa and the U.S. economy. We are proud of our Agency's history of opening markets and creating jobs through exports. We welcome the opportunity to work with you to encourage U.S. companies to avail themselves of opportunities in Africa that will increase exports and stimulate the U.S. economy in these difficult times.