

Statement by Paul Marin
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Subcommittee on African Affairs
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Chairman Coons, Ranking Member Isakson, and Members of the Subcommittee, thank you for the opportunity to testify today about the experience of the U.S. Trade and Development Agency in advancing U.S. trade and investment interests in Nigeria. USTDA's unique trade and development mandate positions our Agency to create jobs here at home, while promoting sustainable infrastructure in developing countries around the world, such as Nigeria. We welcome the Subcommittee's interest in USTDA's work, and we look forward to outlining some of the opportunities *and* some of the challenges that we have faced while working in Nigeria, particularly in the energy sector.

Mission of the U.S. Trade and Development Agency

In carrying out our dual trade and development mission, USTDA 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 to carry out project-specific feasibility studies; technical assistance programs; and reverse trade missions. Each of these activities is designed to assist countries to make *informed* investment decisions, while at the same time positioning U.S. companies to apply *their* goods and services for use in new infrastructure development or expansion. It is important to note that USTDA focuses its program on sectors where U.S. firms are globally competitive, such as energy, including clean energy; transportation; and information and communication technology.

USTDA works closely with private industry and trade associations. With these partners, we have developed a successful program that matches U.S. commercial solutions to the development needs of our partner countries. This approach has generated a return of over 58 dollars in U.S. exports for every program dollar

expended worldwide. USTDA's programs have directly supported nearly 18 billion dollars in U.S. exports over the past 10 years.

USTDA's Program in Nigeria: Challenges and Opportunities

Challenges

In Nigeria, there are significant commercial opportunities, but [as my fellow panelists have discussed] there are also some very complicated and difficult challenges that U.S. businesses and investors face.

The first challenge is one of country risk – both real and perceived – related to Nigeria's security environment.

Another challenge relates to fuel and electricity subsidies that distort the market. It is *exceedingly* difficult to attract private sector investment if the market *does not* allow investors the ability to make a profit.

Any finally, another major challenge to trade and investment in Nigeria is corruption and the lack of a predictable business climate.

Opportunities

While there are challenges, Nigeria's energy sector offers tremendous opportunities for U.S. firms. As we are all aware, Nigeria has significant oil and gas reserves. Under the *right* market conditions, Nigeria can attract *significant* new U.S. private sector investment, as well as utilize U.S. technologies, to expand its oil refining capacity.

Nigeria's *gas* sector is in a *relatively* early stage of development, which presents *significant* export opportunities involving gas infrastructure, including pipelines, storage facilities, and processing plants. In these areas, we have been working *closely* with Nigeria's private sector, to introduce them to U.S. technological solutions that can help *build* Nigeria's gas infrastructure.

Another area of promise for U.S. companies is in power generation. Nigeria suffers from *frequent* power outages, and there are opportunities to refurbish existing power plants, as well as to construct new ones. Under the right market conditions, there are opportunities for independent power producers to feed power into the grid.

The lack of reliable and efficient electricity has forced *many* Nigerian companies to turn to expensive and polluting diesel fuel generators. In response, USTDA recently funded studies with *several* Nigerian private sector companies that want to *reduce* their reliance on diesel fuel. These companies are interested in *investing* in renewable energy technologies from the United States, including solar and wind power solutions.

Another significant area for U.S. technology and investment is in Nigeria's electricity transmission systems. In particular, U.S. companies are well positioned to supply smart grid technologies that help utilities to manage their grid and minimize power losses. In this area, USTDA is working with *three* state-owned utilities, to identify suitable technologies that will make these companies more efficient, as well as more attractive to potential private sector investors.

In conclusion, I would like to thank the Subcommittee for inviting me here today. I will end this testimony by stating that *despite* its challenges, Nigeria is a market that offers *significant* commercial opportunities for U.S. firms. Nigeria should be at the forefront of any strategy to increase U.S. exports to Africa. USTDA welcomes the opportunity to work with you to advance economic development in Africa and to stimulate the U.S. economy in these challenging times.

Thank you.