

**United States Treasury Secretary Paul H. O'Neill**  
**“Investing in Africa”**  
**Remarks to the AGOA Business Roundtable**  
**Washington, DC**  
**November 7, 2002**

It is my pleasure to join you today to discuss the growing potential for closer trade and investment relations between the United States and Africa, as we look forward to convening the second annual US-Africa Trade and Investment Forum this January. .

In May, I had a remarkable experience in Africa, examining economic development first hand, identifying some of the challenges to accelerating growth, and seeing the potential successes now taking shape.

I also visited Africa on a number of occasions during the years I was a leader in the private sector, specifically to evaluate investment opportunities there, so I understand the concerns and incentives for those of you here today representing businesses.

I believe there are excellent business investment opportunities in Africa. There are great human and natural resources, enthusiastic and ambitious entrepreneurs, dedicated workers, and large untapped markets. It is certainly obvious to me that the people in Africa, as in every nation on Earth, are capable of achieving great things, and capable of performing value-adding work at world-competitive levels, in any industry -- if they are given the tools and the right environment in which to work.

While unlimited human potential exists throughout the continent, today's opportunities for investment lie in those nations where national and local leadership is serious about ruling justly, encouraging economic freedom, and investing in their people. In those nations, where leaders are fighting corruption, enforcing contracts, and protecting property rights, investment capital is valued and treated with respect, whether the capital originates from local savers or international investors.

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In those nations, the long-term potential for growth is truly boundless. Private enterprise is rightly viewed as the engine for attaining greater freedom and prosperity. And the near-term potential for investor returns is far greater than in the developed world, because

there is a tremendous opportunity to immediately deploy the best ideas from around the world, and raise the productivity of capital at a rapid rate.

Consider a few examples of successful investments I saw on my recent trip.

In Ghana I visited a successful U.S. investment, called Affiliated Computer Services – Business Process Solutions, Inc. ACS-BPS sells data processing services to insurance companies in the U.S. It opened its office there in 2000, and already it employs over 800 Ghanaians, paying an average of three times the average wage in Ghana. 80% of the employees are women. We were told that the operation is fully competitive with those the company has in Asia and elsewhere, and there are now plans to expand to four new sites in Ghana and to increase the Ghanaian workforce to over 1,000 people.

ACS employees start with a high school diploma and typing skills. The training they receive creates a new knowledge base on which future employers can build. As foreign investments like ACS show success, others are bound to follow, and I am optimistic that increasingly advanced services, such as software development, will thrive in Ghana and elsewhere in Africa.

I also visited a cut-flowers operation in Uganda, where local entrepreneurs are diversifying Ugandan exports by growing roses and other fresh flowers and air-shipping them the same day to European markets. It's a great example of the opportunities for capitalizing on comparative advantage in trade.

In Ethiopia, an entrepreneur from Chicago invested in building a garment factory that makes sports clothing and ships it to the U.S. under AGOA. The company now employs about 200 workers, each earning between three and 21 times the average Ethiopian income. The entrepreneur also makes a very healthy return on his capital.

I believe there are countless opportunities for investments such as these. And even as individual companies in Africa achieve success with the help of foreign direct investment, many African nations are striving to achieve an investment grade credit rating for their sovereign debt. Countries that can establish investment grade credit ratings will be far more appealing to international financial markets, and they will be able to finance reasonable public spending needs at competitive rates. Furthermore, the same steps required for a strong credit rating, such as transparency and accountability in public spending, will make those governments more effective in meeting the needs of their people. The United States is assisting African nations that wish to pursue investment grade credit ratings.

The United States is also working with African leaders and our partners in the developed world to encourage the kinds of public investment in people that will maximize growth potential.

Investment in people means delivering clean water to more than 300 million Africans who now lack it. It means improving education performance, so that every ten year old

can read, write, and compute at grade level. And it means building health care systems that end preventable, debilitating disease, and get proper treatment to those in need, especially those who suffer from AIDS. As President Bush's initiatives in these areas advance, driven whenever possible by private enterprise, the potential upside from investments in Africa will expand. Returns for investors will be faster, greater, and safer. And most importantly, Africans themselves will see a much faster increase in their living standards as basic services become more common, and the doors to achievement and prosperity open wider.

Finally, I would like to acknowledge the contributions made by Mauritius, which will host the AGOA Forum in January. In the past two decades, Mauritius has transformed itself from a poor and isolated backwater to an African success story. It has even become a source of job-creating investments in several of its poorer neighbors, such as Madagascar. The Mauritians have done it by combining the rule of law, economic freedom, investment in their people, and above all, democratic leadership in support of sound policies. They have set an example for the entire continent.

For too long, too many individuals in African nations have lacked an environment where they could pursue their ideas and flourish. I think we are beginning to see a change today, and I believe that change will spread across the continent, if we persist and work together. I urge those of you contemplating investment in Africa to do your homework, your due diligence, and then take that step. The time has never been better.

Thank you.