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The Global Marketplace:  
Opportunities with Africa

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**THE GLOBAL MARKETPLACE:  
OPPORTUNITIES WITH AFRICA**

The Honorable  
Robert L. Mallett  
Deputy Secretary  
United States Department of Commerce

Keynote Address presented to the Mayor's Business Person's Luncheon, Global Business Summit '98, St. Louis, Missouri, August 20, 1998.

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Remarks  
by  
Robert L. Mallett  
Deputy Secretary  
United States Department of Commerce  
to the  
Global Business Summit '98  
St. Louis, MO  
August 20, 1998

I've been reading Steven Ambrose's terrific book about Lewis and Clark these days. And as I prepared for our meeting, it was hard to miss the connection between their journey and our conversation today.

Not just because Lewis and Clark left from St. Louis--though as I flew here, I could look down and imagine them paddling out into the Missouri River almost 200 years ago, leaving on a voyage that changed America.

What's relevant is that their mission was the same as yours.

Expanding into the global marketplace.

They had to keep this a secret, of course. To talk about how they intended to boost trade would have alarmed the British, French and Spanish. But Jefferson's message to Congress made things pretty clear. He asked for \$2500 to help "the external commerce of the United States."

And St. Louis was the perfect jumping-off place.

Lewis and Clark had a profound impact on America.

You might think that a lot of what they cared about was outdated but that's not true.

For example: Lewis and Clark wanted to find a water route to the west. In this age of planes and trucks do we still care about that? Absolutely. In fact, 97% of international

commerce still travels by water. That's why we still have competitive ship channels.

Lewis and Clark also wanted to take the fur trade from the British--a great coup for St. Louis. They were interested in **market share**.

Now, St. Louis has a lot more to offer than furs. But market share is still a vitally relevant idea for the United States.

So, even 200 years ago, President Jefferson and the explorers he commissioned knew there was an opportunity worth exploring.

They also knew it would be sometimes dangerous, deceptive and hard. Lewis wrote to Clark: "Accept no soft-palmed gentleman dazzled by dreams of high adventure."

Today, I want to talk about another opportunity worth exploring.

It's further away from St. Louis than Lewis and Clark's entire trip--though we can reach it in half a day.

It's got more people in it than lived in the United States since Lewis and Clark's trip--though the overwhelming majority of them have never bought an American product.

It's the ancestral home for at least 33 million Americans--though the new research seems to show that if we go back far enough it was the origin for every human on the planet.

I'm talking about Africa, of course. It's the latest frontier for those concerned about the "external commerce of the United States."

Of course for all of us in Washington--and the U.S.--we cannot think of Africa this week without thinking of the twelve Americans and hundreds of African men and women who lost their lives at the hands of a small group filled with hate.

We all know that modern technology most often represents triumph. But it can also bring

us tragedy. A man can drive a truck into a compound full of innocent men and women going about their daily routine--and explode a bomb in their midst.

To have their lives broken, interrupted, and in some cases ended, is an immense loss.

But we cannot give in to the evil behind such an act. We need to reaffirm the ties with Africa these Americans valued so much.

So, I want to start by honoring their memory, today.

And in part, I want to do that by taking note what their work was.

In large measure, it was the concern that brings you here today.

Trade.

How do we create opportunity for people?

For that is the essence of trade.

Throughout history people have done it by providing things people need, whether clothes or cars, silks or spices--medicine or microchips.

The Clinton Administration believes that while we must steer clear of exploiting the less developed countries, Americans can provide the world what it needs--just as the world can provide many Americans with what they need.

We believe that the days when the United States seemed to be losing its competitive edge to Europe or to the countries of the Pacific Rim are over.

We believe that the United States--despite reversals like the bombing--has an opportunity to usher in better lives for billions of people around the globe.

And I believe that is the meaning of our conversation about trade, today.

That's the meaning of what seem like the technical questions you've been considering this

morning.

How do you **market** abroad? How do you **finance** investments? What are the **logistics** of exporting halfway around the world? What will the **Information Revolution** do to and for your business?

How can you succeed in this venture?

Now, it's been said that there are two secrets to success in business.

The first is: don't tell everything you know. So . . .

Of course, that's when you're talking to competitors. I can tell you a lot more because I think of us as partners.

I know that was the President's view last March, when he visited Africa.

It was a visit--the longest trip of his Presidency--followed with intense interest all around the United States.

Whether looking out of the jail window on Robben Island with President Mandela . . .

Or standing before hundreds of thousands of people in the hot Ghanaian sun . . .

Or holding a baby in an Ugandan village . . . the President brought attention to Africa's past--and it's future.

While the President's trip was partly aimed at sending a powerful message to Africa, he wanted to send a message to Americans as well.

The message: that a partnership between the United States and Africa is vital to the interests of both countries. And to create that partnership, government and business must work together as partners, too.

In the next few minutes, I'll talk about why Africa is so important, what steps we're

taking in Washington to improve our relationships in that continent--and some things we can do together.

I may not tell you everything I know. I'm mindful of Mo Udall's comment that people give two kinds of speeches. One is the Mumu--like the garment, it covers everything.

There's also the French bikini speech--it just covers the essential points.

I hope to cover the essential points.

Why **do** we think Africa is so important?

The simplest answer is that we can't afford not to.

After all, Africa is four times the size of the United States. It is as large as the U.S., Europe, Japan, and China put together. It has 54% of the world's gold; 40% of its diamonds; 75% of its platinum; 68% of its cobalt; and 95% of its chromium.

It has vast deposits of copper, iron ore, uranium, and oil. And it has 12% of the world's population.

It is one of the last regions of the world to enter the global economy. But it is destined to play a central role on the world stage.

Thus, one can't ignore Africa anymore than we could ignore an elephant sitting in our living room.

But there is a reason beyond Africa's size and wealth of resources. It's that in this country we prefer democracy as a form of national governance.

Yes, it's messy and imperfect and full of compromise.

So, while in the United States the nightly news and the front pages of the newspapers -- to the extent they cover Africa at all--focus almost exclusively on refugee camps, on disease, on



ethnic conflict and civil war . . . the fact is, most of the nations on the continent are at peace. A democratic tide is sweeping across Africa.

More than 30 countries have held elections in the decade of the Nineties. Accompanying the democratic revolution is an equally impressive wave of economic policy reform.

More than 30 countries have instituted programs to dismantle state-centralized economic systems and put in place market-based economies.

Thus, to me, it is a special privilege that I can talk to you today about the historic opportunity we have to forge a new relationship with Africa.

Yes--we will most assuredly have challenges, and there may be obstacles, and roadblocks.

But there is a reason to think that we'll conquer these obstacles faster than people think.

After all, go with me if you will--back in time 8 years--to 1990.

The beginning of a new decade.

But also the beginning of a new chapter in the life of a man in South Africa: Nelson Mandela.

After 27 years in prison, Mandela was released into a rigidly segregated society preparing for racial war.

Now, fast-forward. Think where we are today. Mandela is President. Apartheid is dead.

Change, even dramatic change, is possible.

In Africa, the change encompasses more, even, than apartheid.

There is less hostility among African states. African countries are developing regional relationships that pave the way for cooperation. They have not only accepted democratization.

There are some that have been receptive to ideas that have been controversial there: transparency, accountability, privatization and corporate profiteering.

For all these reasons this Administration has made its commitment to Africa clear.

We believe we can conquer the obstacles, surmount the roadblocks--and meet the challenges.

In doing so, of course, we must adhere to certain principles.

We firmly believe, for example, that partnerships will work best with those countries that work hard to liberalize trade and investment.

That's why the Africa initiative embodied in legislation on Capitol Hill and the President's program emphasize support for countries that open their economies to the world marketplace.

It reflects President Clinton's and Secretary Daley's belief that countries taking such steps are the ones most likely to be the engines of growth on the African continent.

The Africa Growth and Opportunity Act, which provides for many of the market access components, passed the House of Representatives in March.

Right now that bill is before the Senate, and we urge its passage.

The President's initiative and the bill, if passed, will together provide an unprecedented series of steps for Sub-Saharan Africa: greater market access, enhanced technical assistance, more investment funds, targeted debt relief and broadened bilateral trade ties.

Meanwhile, at the Department of Commerce we're developing our own Africa Commercial Strategy to support and implement the President's Initiative.

Our Strategy marks the first time the entire Commerce Department--every agency, every unit--will focus on a coordinated effort to enhance our ties to Africa.

It is how we indicate our readiness to engage in a new spirit of commercial support and cooperation.

Companies need guidance about how best to approach the African market and we aim to provide that guidance . . . with your help and cooperation.

To this end, Secretary Daley will lead a Commercial Partnership Mission to Africa in September of this year. It will visit South Africa, Kenya, Cote d'Ivoire, and Angola.

Through the Ron Brown Commercial Center in Johannesburg, opened by President Clinton and Secretary Daley during their visit there in March, we will work with other federal agencies to provide more effective market research, improve our matchmaking efforts, and expand our advocacy efforts.

Let us be under no illusions.

There are still barriers to free and fair trade with African nations . . . high tariffs . . . bribery . . . lack of extensive intellectual property protections and enforcement.

Attracting foreign investment to Africa has been and will be incredibly hard--this despite the fact that the return on investment is among the highest available today.

After all, much of Africa is desperately poor. Yes, we find 12% of the people on this planet in Africa but only 2% of the world's telephone lines.

There are more telephones on the island of Mahattan than all Africa.

The average waiting time for a telephone to be installed in Africa is 5 years.

Over 70% of the African population lives in rural areas.

The economy of the city of Los Angeles is larger that the whole economy of South Africa.

And South Africa has the largest and most robust economy on the continent.

Out of the 25 poorest nations in the world, 20 are in sub-Saharan Africa; in Chad, the life expectancy for men is 39.

Under the circumstances, hammering out trade relationships with Africa will not be easy.

In no way do I want to sugar coat reality--or over promise.

The surest road to disillusionment is to promise too much.

We can't promise to provide everything--at least not right away.

On the other hand, there is opportunity for those willing to take a risk.

And one sign of what can be done is what's happened already among trading partners in Africa and the United States.

Trade between Africa and the United States has been growing fast--18 percent in 1996, though it slowed a bit in 1997.

We export to South Africa alone--nearly as much as we export to Russia, whose population is well over three times larger.

Mayor Harmon, your city exported more than \$20 million in goods and services to sub-Saharan Africa in 1996. That was more than double the total two years previously, but below the 1993 total of \$24 million. Almost 94% of these exports were manufactured goods like chemical products, industrial machinery and computers.

The United States is the leading market for sub-Saharan Africa. In 1997, that region's 48 countries ran a \$10 billion surplus with us.

The Corporate Council on Africa currently has 188 blue chip U.S. corporations active in Africa. Many are moving their African regional offices out of Europe and onto the continent.

Now, let's be realistic.

This trade involved only 1% of American exports.

We're 7% of Africa's market share--far behind Europe's 30%.

Furthermore, 80% of our exports go to just seven of the sub-Saharan countries.

There's a lot of room to grow.

How do we make it grow?

That's the impetus behind the legislation and the President's Africa Initiative.

But we are not just creating a blueprint for the future. We're seeing success right now.

And let me make one point clear.

While we see opportunities for larger companies, there are great possibilities for small and mid-sized companies too.

BBC Industries, Inc., of Fenton, Missouri, has already become an African success story. A small manufacturer of packaging products like shrink wrap, BBC Industries is active in markets all across the continent.

And there is Addison Biological Laboratory of Fayette, Missouri, which makes animal vaccines and oral-care products. Addison sells to 21 countries around the world, including South Africa.

Many of the sales aren't huge . . . or necessarily big projects from large companies. But in one sense, that's my point.

The African market is worth investing in whether you are a multi-national, a small or medium-sized company with a good international business track record.

What are the keys to success in Africa?

First, we cannot repeat the colonial experience--we **must** develop mutually beneficial

partnerships.

We must engage the Africans in a dialogue about their needs.

We need to look for the niche markets that U.S. companies can fill.

We need to combine trade with aid, linking, in some instances, business development to USAID money, helping develop micro and medium sized enterprises.

That's what we're trying to do.

And that's how we repudiate the work of those who would use bombs to destroy what their victims were working to build.

You know, when Lewis and Clark returned to St. Louis, the first thing they asked as they jumped ashore was: had the mail left?

It had. So Lewis sent a courier to Cahokia to hold that mail delivery up, went immediately to a room in Pierre Chouteau's home and began to write his report to President Jefferson.

And one of things he urged, was this: that "the government aid, even in a very limited manner, the enterprise of her Citizens."

Government alone can't create a partnership between our two continents. But we can help "the enterprise of (our) citizens."

And I'm convinced that if we do that, we will all benefit.

And so, I ask you here in St. Louis to examine this market that needs so desperately what you produce.

And then I ask you to accept the challenge.

Trade and Investment in Africa is not free of risk. It is not for "soft-palmed gentlemen [or

gentlewomen] dazzled by dreams of high adventure.”

There will be setbacks, like the tragic setback we suffered this month in Kenya and Tanzania.

But for hardworking men and women with a pioneering spirit--the opportunity is there.

It is there for entrepreneurs all over this country. And it is there for people of this city.

Thank you.