

U.S. DEPARTMENT OF THE TREASURY

Press Center



Remarks of Secretary Jacob J. Lew at a Business Roundtable Hosted by Ambassador Patrick Gaspard and the Gordon Institute for Business Sciences at the University of Pretoria

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Johannesburg - I want to thank Ambassador Gaspard, and Dean Kleyn and the Gordon Institute for Business Sciences for hosting me today. It is truly a pleasure to start my visit in South Africa with a group that represents such a broad set of perspectives. I look forward to engaging in a dialogue with all of you, who are such distinguished leaders in South African business. And following our conversation, I am looking forward, as someone who has spent part of my career in academia, to meeting with the next generation of leaders and thinkers.

This is an exciting time to be back in Africa. When we look at the most recent projections from the International Monetary Fund, Africa has been one of the few bright spots in the global economy and growth is expected to remain strong this year and accelerate next year to almost six percent. This strong growth underscores that, beyond the headlines that we see about disease and conflict, there is a continent with a growing population and a growing economy, working hard to take its place as a key player on the global stage.

To chart a dynamic expansion of the U.S.-Africa relationship, President Obama invited African leaders to Washington for the first-ever U.S.-Africa Leaders' Summit in August. The Summit put a spotlight on Africa's role in the world, economically, and as global leaders. Our senior officials and business leaders listened to African heads of state and ministries, and engaged in a real conversation about how we can work together to achieve the great potential of economic development, peace and security, and strengthened governance for Africa's next generation.

I return to Africa on my first visit as Treasury Secretary to continue this dialogue and to highlight two of President Obama's key initiatives—Power Africa and Trade Africa.

In 2013, President Obama announced the Power Africa initiative here in South Africa. Power Africa brings together all participating U.S. government agencies to work as one to develop 30,000 megawatts of new, cleaner electricity generation capacity in sub-Saharan Africa; and to increase the number of electric connections to households and commercial entities by at least 20 million.

I'm pleased to say that we are on track. In year one, Power Africa has already fostered the development of 2,800 megawatts of new and expected power production and is actively supporting transactions that will deliver an additional 5,000 megawatts of electric power. To achieve these ambitious goals, we are working with a broad set of partners in the private sector and the multilateral community, including investors and financiers from South Africa.

I am delighted that we have here this morning our U.S. Power Africa Coordinator and some of our critical U.S. and African corporate partners who are helping to realize this shared vision of an electric Africa, and I look forward to hearing more from you about the progress, and the work still to be done.

Yesterday in Dar es Salaam, Tanzania, I saw directly how President Obama's Trade Africa initiative is working to increase trade within Africa and to expand trade and economic ties between Africa, the United States, and other global markets.

The Port of Dar es Salaam is the second-largest port on the east coast of Africa, but cannot keep up with the volume of traffic to meet the needs of Tanzanians, or their landlocked neighbors who also export and import through the Port.

Delays in loading and unloading increase the average cost of container imports by 20 percent, costing Tanzanians about \$1.8 billion per year and their neighboring countries another \$830 million.

However, the World Bank and TradeMark East Africa, with support from the U.S., have committed to double the capacity of the Port by 2020, reduce turnaround times for ships and trucks, and introduce 24/7 working hours – all of which will increase the efficiency of the Port of Dar, save time and reduce costs for consumers and exporters.

Africa's port costs and the lengthy time requirements to import and export are among the highest in the world. This underscores the enormous opportunity for African countries, including South Africa, to expand trade on the continent as those high barriers to trade are reduced.

One of the most common questions I get from African counterparts is how Africa can attract more capital from international sources across all sectors, not just power and ports. Donor finance alone cannot build all of the needed infrastructure and grow the economy to its potential.

Private investment and domestic public resources are needed to boost the investment necessary for Africa to prosper. South Africa has developed Africa's deepest and most sophisticated capital markets, and we see that South Africa's banks are playing an increasingly important role in financing Africa's infrastructure.

Finally, I want to use my time here to talk with South Africans about how South Africa can accelerate its economic growth by becoming a more active economic player in the region.

African investment is not a zero-sum game, where funds invested in one African country, mean that funds will not be invested in South Africa. By promoting deeper exports and supply chains, and stronger infrastructure that boosts trade -including in the power sector- investments in the region can boost South Africa's own economy.

While many of South Africa's major export partners in Europe are growing slowly, if at all, many African neighbors continue to grow at 7 percent or more. South Africa cannot afford to miss those opportunities. With its competitive and comparative advantages, South Africa will continue to prosper if the region prospers. For example, South Africa's financial sector is already well-integrated into the region and the sector will be well-positioned to further extend that reach throughout sub-Saharan Africa as the region continues to grow.

We all need Africa—and in particular South Africa—to help drive global growth more strongly.

By becoming an even more dynamic player in the region and sparking growth through regional trade and investment, South Africa can deliver its goal of inclusive growth that provides employment to its young and growing population.

In the United States, our experience shows that the actions we took to reform our financial system, invest in boosting both demand and infrastructure, and reduce the deficit, together with the resilience of the American people, have laid the foundation for stronger, more sustained growth and investment.

Recent data demonstrates the growing strength of the U.S. economy, one that is now 6.8 percent larger than when the recession began in 2007. Our private sector has created over 10 million new jobs in the past 55 months, and the unemployment rate has fallen 1.3 percentage points to a six-year low.

Private sector economists expect this trend to continue, with strong growth in the second half of the year and through the end of 2015. But we cannot let up our efforts based on the good results; we still have more to do. The President has put forward a number of initiatives that would accelerate growth, propel job creation, and expand opportunity.

These include common-sense ideas like rebuilding more of our infrastructure for the long-term, making student loan payments more affordable, and raising the minimum wage, which has not increased in over five years.

According to the International Monetary Fund, the United States is a primary driver of global growth. This good news expands far beyond our borders, especially in Africa. An expanding global economy provides opportunities for African companies, and it gives investors around the world confidence to look at new markets, including Africa.

Thank you again for inviting me here this morning. In closing, I want to ask the audience for their thoughts on how the United States can engage productively in supporting Africa's economic growth, South Africa's economic role on the continent, and how South Africa can accelerate its growth.

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