

An Act Concerning Connecticut Trade with Africa: SB 880
Commerce Committee: February 18, 2009

Chairman LeBeau, Chairman Berger, Vice-Chair Crisco, Vice-Chair Zalaskis and members of the Commerce Committee, I am here to testify in support of S.B. No.880, An Act Concerning Trade with Africa. I am originally from Ghana in Africa but that is not why I am testifying. I am testifying because I am an economist and originally from Ghana and I am a resident of Connecticut.

The idea of enhancing trade with Africa and CT is laudable for several reasons: not so much in the short-run as in the long-run when one might expect instabilities on the African continent to have subsided and democracy to have taken firm roots.

1. In a very real sense, Africa is the last frontier in economic development. It is the least developed of the continents and the one where trade can produce tremendous mutual benefits.
2. Attempts at helping the continent to develop have in the past been done through bilateral and multilateral grants which often served to benefit a few people and buttressed the power of the ruling classes.
3. Increasingly the world has come to realize that trade which is based on mutual benefits represents the best hope for Africa to develop; but the benefits from trade are not of the zero-sum type; all participants should benefit.
4. In the past, trading with and investing in Africa was fraught with risks. Some of the countries were (and still are) unstable; and where stable, the stability had been the result of strong men imposing their wills on the countries usually with the backing of the military. This made long-term relationships difficult and therefore confined trade to extractive industries (mining) and the import of only those goods which we could not produce at all; all of which produced little benefit to the people of Africa.
5. In the last decade, with the help of several international (both government and non-government) organizations, some of the countries have been set on paths to good governance, and with the help of the United Nations Development Program (UNDP), some of the Sub-Saharan African countries now have sovereign bond ratings which should serve as guides to businesses.
6. It is estimated that some US businesses are earning returns of about 28% in Africa, far greater than in other parts of the world.

7. As countries in Africa benefit from good governance and create conditions for rapid economic growth, we, in CT, should be ready to not only engage but to do what we can to speed the process.
8. Several of the African nations are closer to Connecticut than the South East Asian countries with whom we now heavily trade. Transportation costs are therefore lower.
9. Many of the countries closer to CT, are English speaking (Sierra Leone, Liberia, Ghana, Nigeria and to some extent The Cameroon). This should make it easier for communication and hence minimize costs. The 15 countries which make up the Economic Community of West African States (ECOWAS) have a total population of about 250 million. They are mostly poor, but the potential market is there.
10. Connecticut has a heavy machinery industrial sector which should be appealing to the developing African countries: just about all the countries in Africa are at points in their development when they will need these kinds of capital equipment.
 1. United Technologies exports AC and elevator equipments to South Africa. Given the fact that all of Sub-Sahara Africa is tropical, the potential for more AC exports could be quite big; but you must nurture the market and you can only do that if you are there from the onset.
 2. The benefits will accrue not only to the UTs (the big businesses) but also to the smaller ones. A chance encounter between Ms. Cohen-Fitzgerald, of Westport and a Ghanaian at a forum presented by the DECD in 1999 led to the Ghanaian being able to buy a cocoa processing machine from her. Ms. Cohen-Fitzgerald retained the rights to the cocoa powder and butter produced by the Ghanaian.
11. The same can be said of the financial services (particularly insurance) sector. Many of these countries are moving towards liberalizing their economies and the financial services companies in CT could be instrumental in helping the growth of the sector in Africa.
12. The tourism sectors of the African countries are still in their infancies. Along the coast of West Africa for example, one sees virgin territories which can be developed as tourists spots to benefit both Africa and hospitality businesses in CT.

Making a move now would give us a first-mover's advantage. China is already in the trenches and one can expect others to follow. Vodafone of UK recently took controlling shares in Ghana Telecom. We cannot afford not to be there.

The first step is the collection and dissemination of information about CT and Africa and that is why The African Trade and Information Center (ATIC) is a good beginning. It must be a center staffed with knowledgeable people who can answer questions on business possibilities and provide the leads for potential opportunities. An integral part of ATIC tasks should be organizing conferences and exchanges.

Thank you for hearing me.

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