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From: Mills, Cheryl D <MillsCD@state.gov>
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U.S. Aims to Lift Investment in Africa
 Wall Street Journal
 Updated August 6, 2012, 7:02 p.m. EDT
 By NEANDA SALVATERRA

Fred Hochberg, chairman of the Export-Import Bank of the U.S. and one of the highest-ranking business leaders in the Obama administration, arrived Monday in South Africa with a group of trade representatives and officials from companies such as Boeing Co. BA +0.11% and General Electric Co. GE +0.05% to sign new commercial deals. The trip is an example of how the U.S. is seeking to catch up in Africa to other countries—not just China, but India, Brazil and even companies from crisis-hit Western Europe.

"This will be a barn-burner year for financing U.S. exports to sub-Saharan Africa," Mr. Hochberg said on the sidelines of a U.S.-South Africa business summit, in Johannesburg. "There's been too little attention for too many years, so this is a little bit of a catch-up."

Mr. Hochberg is expected to sign deals to provide financing for as much as \$2 billion in U.S. exports to South Africa's energy sector. He will join Secretary of State Hillary Clinton, who earlier in her Africa trip appeared to draw a contrast between the U.S. and China, highlighting what she said was the respect for democracy and human rights that accompany U.S. investments. China's state-run Xinhua news agency condemned her comments as a veiled jab at China.

Last week, Mrs. Clinton called for "sustainable partnerships in Africa that add value rather than extract it." One way to do this, she added, "is enhancing ties between American and African business."

The rush to gain access to Africa's fast-growing markets is frustrating some American firms that say the U.S.'s leading export-credit agency has too few tools to support business abroad, putting them on unequal footing against companies from China and elsewhere.

"We've got U.S. companies that are trying to compete with foreign governments," Mr. Hochberg said in an interview before leaving for Africa. "That's a somewhat unmatched situation."

Ex-Im Bank's loans in Africa in 2011, which included financing the sales of Boeing aircraft to Rwanda, hit a record \$1.4 billion. The bank's authorizations supported about 8% of total U.S. exports to sub-Saharan Africa, it says. Ex-Im is on pace to set another record this year, Mr. Hochberg said.

China's export-credit agencies, by contrast, committed to \$12 billion in deals that included "loan-now-buy-later" drives conditional on African nations' purchasing future Chinese exports. The initiatives fueled \$73.4 billion in Chinese exports to Africa, compared with \$31.5 billion of U.S. exports.

Mrs. Clinton is among the top U.S. officials seeking to tilt more trade toward American companies. A year ago, during a visit to Zambia for a U.S.-Africa trade conference, she called for more American investment and business start-ups in Africa, not just aid projects. Since then, some executives say, there has been a pep-rally-like atmosphere toward business in Africa.

"Over the last year, there's been a fundamental shift in how the U.S. government talks about Africa," says Greg Marchand, president of the American Chamber of Commerce in Lusaka, Zambia, and founder of information-technology firm Gizmos Solutions Ltd. "And there's a growing feeling among American companies that if you're not already here, you're late."

The U.S. Ex-Im Bank, under its mandate as a lender of last resort, can't compete directly with commercial banks. It can fund only projects that directly lead to U.S. exports and jobs. U.S. companies looking to buy a stake and invest in foreign enterprises must work through a different agency, the Overseas Private Investment Corp.

Export-credit agencies in some other Group of Seven countries have more inclusive mandates, Ex-Im said in a competitiveness report released in June. Japan and France, for instance, have mostly combined their financing services under one roof. Unlike the U.S., countries such as Germany and Canada also offer "market-window" financing that can facilitate lending that isn't directly expected to lead to exports—so-called untied export credits—but may be deployed in support of long-term, strategic foreign-policy goals.

Some U.S. companies say overlapping rules and procedures mean they have a harder time gaining access to finance.

"You have got supposedly a lot of money that's available for African investment, but there is this gap between what's not bankable and what's bankable," says Jay Ireland, the Africa chief executive of GE, which last year made \$1.8 billion in revenue on the continent. He characterized European competitors as having more-coordinated government backing. "Sometimes it feels like you are going up against Germany Inc.," he said.

As parties to the Organization for Economic Cooperation and Development, the U.S. and other G-7 countries' export-credit agencies must report all aid to foreign countries, as well as loans aimed at spurring exports—or "tied" export credits. This is meant to discourage governments from financing loans at below-market rates or engaging in other unfair practices.

But member countries aren't obligated to report things like investment financing or untied export credits. Ex-Im Bank estimates that \$150 billion annually falls outside the purview of OECD guidelines, which analysts say cuts U.S. companies out of strategic sectors such as energy.

"Even our European trading partners are operating in ways that are legal but outside of the OECD, where they provide wink-and-nod loans that help further their country and national champions," Mr. Hochberg said in a June address at the Center for American Progress.

Any efforts to retool Ex-Im Bank lie with U.S. lawmakers. "We are still having a debate in this country about to what extent government should be assisting the business community in making exports," Mr. Hochberg said.

Ex-Im Bank underwent a drawn-out legislative process last year to have its charter reauthorized. In May, a bipartisan bill raised the bank's lending-exposure ceiling to \$140 billion from \$100 billion.

Sen. Marco Rubio (R., Fla.) was among those who voted against the reauthorization. "Taxpayer money should not be used as corporate welfare," he said.

—Devon Maylie in Johannesburg and Peter Wonacott in Lusaka, Zambia, contributed to this article.

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