



Africa: How the U.S. BUILD Act Can Invigorate U.S-Africa Business Ties

Co-authored by former Chairman U.S. House Foreign Relations Committee Ed Royce & former U.S. Ambassador to Nigeria Dr. Robin Sanders

USA, April 25, 2019 /EINPresswire.com/ -- The U.S. [BUILD Act](#) was signed into law by the U.S. Congress on October 5, 2018. However, many African nations, officials, businesses, and the Africa Diaspora have sought a better understanding of what this new U.S. initiative will do to help invigorate the US-Africa economic relationship. The answer is quite a lot. The goal of BUILD or the -- "Better Utilization of Investments Leading to Development Act" -- is exactly what the American private sector has long desired. BUILD does a number of positive things to boost the US-Africa business, and investment relationship: it is an alternative to China's growing economic influence in Africa; creates more robust and flexible investment tools for US companies; expands how America's development funding will promote Africa's job creation; and will help grow Africa's small and medium-sized businesses and encourage entrepreneurship.

BUILD establishes the U.S. International Development Finance Corporation (USDFC), replaces and adds new business tools, including doubling the lending authority of the transformed U.S. Overseas Private Investment Corporation (OPIC). The USDFC will focus on facilitating private sector capital, and skills development of low and lower-middle-income nations — the economic level of many African nations. The new USDFC also will assist African countries transitioning from nonmarket to market economies, even more important today as the continent's 55-nations recently formed the Continental Free Trade Area (CFTA), creating a \$2.4 trillion market. The CFTA, if realized (22 countries have ratified to date), would further open-up opportunities for US goods, services and Africa's private sector.

BUILD is still about better aligning U.S. development assistance with U.S. foreign policy. But BUILD's upside for African nations is that the USDFC will help them achieve other objectives, such as modernizing their economies and skills training for their citizens, particularly for women. Further, it supports a "Connect Africa Initiative," focused on information technology, transportation infrastructure, logistics, and value chain development, especially for region's important agricultural and energy sectors. The other good news is that the BUILD is bipartisan legislation, in keeping with what has been a tradition since the late 1990s of Congressional Republicans and Democrats positively working together on key Africa legislation, which includes the African Growth and Opportunity Act (AGOA), the landmark trade law that has drawn investment and helped exports of African goods. Bipartisan support means that BUILD will likely be durable, with the possibility of future expansion.

BUILD and the new USDFC are powerful instruments that should help create opportunities in African countries hungry for growth, jobs, and access to much-needed capital. U.S. businesses active in the Region will expand as they will have additional financing tools at their disposal. More importantly, BUILD modernizes America's antiquated development finance capabilities so they can address the challenges of the 21st century, while also increasing U.S. exports and jobs. BUILD is a much-needed U.S. response to China's rapidly expanding economic presence in Africa. Today, Chinese companies are the dominate foreign investor in many African countries. Unfortunately, corruption can underlie practices of some Chinese companies, along with low labor and quality standards. USDFC will help U.S. businesses better compete against state-subsidized Chinese firms. That will be good for African nations, who will enjoy more options for

potential business partners, while U.S. companies will bring elevated standards. Then there is Africa's stability. Africa's stability, is both good for Africa and for US national security. In today's global environment, economic growth that comes with job creation can help stabilize evolving democracies. USDFC can play a role in this as its contribution to market-driven economies can aid in stability for African nations.

In the end, the BUILD Act, and the USDFC it creates, finally reflects what many of us who have served in the U.S. Congress, diplomatic corps and other parts of the U.S. government have wanted for many years – more support to US businesses in Africa to help their competitive edge, especially as China continues to expand. The end results also matches what African nations have said that they wanted to see from the U.S. for many years - a more diversified US private sector operating in Africa, and more sustainable development and social sector initiatives. The BUILD Act brings the right mix of things at the right time.

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Dr. Robin Sanders
FEEEDS
+1 202-460-9436
[email us here](#)

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