



White House Announces Two Initiatives to Encourage Investment in Africa

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In the context of President Obama's Africa trip, June 26 – July 2, the White House has announced two initiatives that US businesses cannot afford to ignore.

The first initiative, dubbed "Power Africa," will commit \$7 billion of US funding over the next five years, helping to build out Africa's vast oil and gas reserves and to develop geothermal, hydro, wind and solar energy alternatives. Power Africa will leverage private sector investment commitments already totaling \$9 billion. It is estimated that sub-Saharan Africa will require some \$300 billion in investment to achieve universal electricity access by 2030, so private sector participation will be critical in coming years. The initial set of partner countries with the U.S. will include Ethiopia, Ghana, Kenya, Liberia, Nigeria and Tanzania.

The second White House initiative, "Trade Africa," will seek not only to enhance trade and economic links between Africa and the United States, but will also promote internal and regional trade within Africa. The initial focus of the program will be in the countries of the East African Community (EAC) – Burundi, Kenya, Rwanda, Tanzania and Uganda, which collectively have a population of 130 million people. These countries also have developed legal and regulatory systems that will attract U.S. exports and investments. The key economic driver over the past decade in these EAC countries has been the development of a vibrant middle class.

In its initial phase, Trade Africa aims to double intra-regional trade in the EAC, increase EAC exports to the United States by 40%, reduce by 15% the average time needed to import or export a container from the ports of Mombasa or Dar es Salaam to land-locked Burundi and Rwanda in the EAC's interior, and decrease by 30% the average time a truck takes to transit selected borders.

Beyond the EAC, the United States also hopes to expand its collaboration with other regional economic communities in Africa, including in cooperation with other specific partner nations. Increasing trade between the United States and Africa will be the focus of the African Growth and Opportunity Act (AGOA) Forum in Addis Ababa on August 9-13. The Forum will celebrate the progress achieved

through AGOA since it was signed into law in 2000, and will help pave the way to AGOA's renewal by 2015.

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