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U.S. Pushes for Business Investment in Africa to Counter China's Reach

Vice President Kamala Harris is the latest American official to pledge more investment in the continent



U.S. Vice President Kamala Harris is the highest ranking in a string of top administration officials to travel through Africa this year.

PHOTO: POOL/REUTERS

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The Biden administration is pushing hard for American businesses to invest in Africa despite the obstacles they face there, more than a decade after China began expanding its economic and political ties with countries across the continent.

Vice President Kamala Harris pledged Tuesday in Ghana's seaside capital to "double down" on efforts to bring billions of dollars in investments to Africa, a continent that many Western investors still view as high risk. Ms. Harris is the highest ranking in a string of top White House and Biden administration officials to travel through Africa this year, promising to unlock American investment as both the U.S. and China look to tap into the continent's vast natural resources.

But U.S. and other Western investors often cite corruption, poor infrastructure

and still rampant poverty, all of which preclude easily operating across dozens of countries that all have their own rules and market peculiarities.



Both the U.S. and China are looking to tap into Africa's vast natural resources.

PHOTO: JONNY HOGG/REUTERS

U.S. interest in expanding influence on the continent comes as tensions and competition with China are rising. In the Democratic Republic of Congo, for example, Chinese companies have spent over a decade and billions of dollars buying out U.S. and European miners in the country's cobalt and copper belt. Experts say the U.S. has a lot of ground to make up, especially in areas of strategic importance, like securing supply chains for materials such as battery metals, critical for the energy transition.

“The Chinese system is a lot more centralized, and state power plays a much larger role,” said Cobus van Staden, Johannesburg-based managing editor of the China-Global South Project, formerly known as The China Africa Project, a nonprofit. “The Chinese view on Africa has been very opportunity focused. There is this very strong focus on risk in the U.S. private sector, to the exclusion of all of the opportunities.”

The U.S. financed roughly \$14 billion worth of projects on the continent from 2007 to 2020, while comparable Chinese institutions financed about \$120 billion over the same period of time, according to an analysis by Oyintarelado Moses, a data analyst with the Global China Initiative at Boston University's Global Development Policy Center, using data from the U.S. government and the

Chinese Loans to Africa Database.

Ms. Harris's trip follows visits to various African nations by Secretary of State Antony Blinken, Treasury Secretary Janet Yellen and U.S. ambassador to the United Nations Linda Thomas-Greenfield this year, but U.S. officials still face deeply-entrenched institutional hurdles to counter Chinese economic dominance on the continent.

"In terms of perception, I think [the U.S. is] doing everything right," said Gyude Moore, senior policy fellow at the Center for Global Development and Liberia's former Minister of Public Works. The stumbling blocks that remain include a lack of available infrastructure financing from the U.S., easier access to higher education in China for Africans versus the U.S., and concerns that this U.S. push into Africa might be episodic, he said.

"There's a lingering threat that a change in administration will return Africa to the cold again," Mr. Moore said.



Treasury Secretary Janet Yellen was welcomed by Zambia's President Hakainde Hichilema, pointing, in January.

PHOTO: SALIM DAWOOD/AGENCE FRANCE-PRESSE/GETTY IMAGES

On Wednesday Ms. Harris appeared at the Mix Design Hub, a stylish, four-story office space and gallery in Accra's trendy Osu neighborhood, and announced about \$1 billion of new programs and investments on the continent aimed at empowering African business women —much of it from foundations.

They include nearly \$500 million to provide African women more access to

technology, and she said that the U.S. will join with the Bill & Melinda Gates Foundation to launch a new fund to help close the so-called gender digital divide. Other new funds include \$500 million from the Nigeria-based Tony Elumelu Foundation, with a large chunk earmarked specifically to support female entrepreneurs.

“There’s a direct correlation between policies that are directed at the economic empowerment of women and the general prosperity of societies,” Ms. Harris said Wednesday morning surrounded by women business-owners.

But structural problems persist for U.S. companies that want to expand operations on the continent.

Bobby Pittman, the founder of Kupanda Capital and an investor in Mavin Records, a leading record label on the continent, said that U.S. public lending institutions are seen as slower and more bureaucratic than their Chinese counterparts. With China, he said, “all the financing comes with one signature,” while the U.S. can take months to help companies finance large-scale projects on the continent.

Others say the tide is shifting as demand in some sectors increases.

Projects for commodities such as cobalt have garnered more interest from the U.S.

PHOTO: SAMIR TOUNSI/AGENCE FRANCE-PRESSE/GETTY IMAGES

Rob Still, a partner at Denham Capital Management LP, a U.S.-based global energy transition investment firm, said projects for commodities such as cobalt, niobium, lithium and tin would previously have been turned down immediately by more risk-averse Western development agencies because those commodities can't be hedged through an exchange on a futures market—either because the market is too thin or doesn't exist.

Now, that is no longer the case. “There's definitely more interest and action than there has been in the past,” especially from the Americans, said Mr. Still, who is based in Johannesburg.

On the second day of President Biden's summit with African leaders in Washington, D.C., in December, the U.S. government announced that KoBold Metals, a commercial startup backed by Bill Gates's Breakthrough Energy Ventures, which aims to use artificial intelligence to find metals needed for the electric-vehicle boom, agreed to invest \$150 million to buy a controlling stake in a large, undeveloped copper deposit in Zambia. The deal is part of the U.S. government's new push into critical minerals in Africa.

“We sought out the U.S. government generally for support on our activities in Zambia,” said Josh Goldman, KoBold's president. “We just want a smooth path for deploying lots of capital.”

Zambia's president sees the investment as a sign of bigger things to come: “It is important. When one investment comes, you are likely to get a second one,” Hakainde Hichilema told The Wall Street Journal.

U.S. officials have also highlighted that Chinese financing often comes with strings attached, such as using Chinese companies and Chinese-made materials. Ms. Harris alluded to the complications of taking money from Beijing during a news conference at the Ghanaian presidential palace Monday, referencing a need to “ease the debt burden that is facing far too many countries,” without mentioning China by name.

Chinese lenders account for 12% of Africa's private and public external debt,

according to a December 2022 Chatham House report. Ghana and Zambia, two countries that Ms. Harris is visiting, are both currently looking to Beijing for relief.

“We are concerned with what is happening on the globe as a whole, we are clear-eyed about that,” Ms. Harris said when asked Monday in Accra about how much the rise of China figures into her trip. “But this trip is motivated by the importance of the direct relationship between the United States and Ghana, and as I travel the continent, those countries.”

—*Gabriele Steinhauser contributed to this article.*

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