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Opening Statement of the Honorable **Ed Royce (R-CA), Chairman**
Committee on Foreign Affairs Hearing:
"Financing Overseas Development: The Administration's Proposal"
April 11, 2018

(As prepared for delivery)

Across the globe, lack of access to capital often constrains economic growth – especially in the world's least-developed countries. In these emerging markets, foreign investment is critical to empowering entrepreneurs, creating jobs and reducing poverty.

America has an undeniable interest in supporting the development of vibrant and stable economies around the world. Healthy private sectors promote good governance, support thriving civil societies and help reduce civil strife. The resulting stability is good for our national security, and also benefits U.S. exports and jobs.

Increasingly, other countries are working to advance their economic and political interests by shaping overseas markets. Beijing is doing this in a big way. China's $1 trillion "One Belt, One Road" initiative dwarfs the size of the Marshall Plan, which rebuilt war-torn Europe. Visit any African capital and you'll see China's name all over new construction projects. But as Chairmen Yoho and Smith's subcommittees know well, China often entices foreign governments in search of easy money and then saddles them with unsustainable debt burdens through predatory lending practices. In the Indian Ocean, for example, Sri Lanka was forced to forfeit a 99-year lease to one of its strategic ports because it couldn't afford the Chinese loan.

The U.S. can't and shouldn't match China's investments dollar-for-dollar, but we can and should do more to support international economic development with partners who have embraced the private sector-driven development model.

Today, we will hear from the President and CEO of the Overseas Private Investment Corporation, whose mission is to compliment traditional U.S. foreign assistance by mobilizing private capital in support of America's development objectives and foreign policy interests.

Established by Congress in the 1970s, OPIC was to provide "businesslike management of investment incentives" that included political risk insurance, direct loans, loan guarantees and other services to developing nations. Nearly fifty years later, OPIC's toolkit has largely remained the same while the international economic landscape has changed dramatically.

That's why I support bipartisan legislation by Subcommittee Chairman Yoho to build a modern development finance institution that will promote enduring growth in emerging economies and U.S. national security objectives. In an era of tight budgets, this proposal would consolidate the resources and expertise of OPIC and the Agency for International Development's Development Credit Authority under one roof with new powers to make limited equity investments, conduct feasibility studies, provide "wrap-around" services such as grants and technical assistance, and double its book of business. This proposal would also create an independent Inspector General to improve accountability for taxpayers and put in place tough statutory benchmarks that must be met to ensure that American development finance compliments and does not crowd out private sector investment.

I am encouraged that the Administration has embraced this bipartisan approach. Today we'll hear more about its vision for international cooperation and how the new development finance institution would work with USAID and Millennium Challenge Corporation to ensure coordination between our development agencies.

With the right leadership and authorities, a new development finance institution can be a powerful instrument to create opportunities in countries hungry for growth and jobs. Its creation would also send a strong signal about America's commitment to international economic engagement in uncertain times.