

OPIC News

September 2002
Vol. 4 No.3

Published by the **Overseas Private Investment Corporation**
An Agency of the United States Government

IN THIS ISSUE

OPIC enables top banks to expand in emerging markets

Message from the president

OPIC urges investment in Kosovo and East Timor

Small business in focus:

▪LPG capacity doubled in Central America thanks to California company & OPIC

▪OPIC insures optics business for expansion in Russia

Peru conference to highlight investment opportunities in Andes

Upcoming events

UPCOMING EVENTS

see back page

OPIC enables top banks to expand in emerging markets

Carving out a new opportunity for U.S. businesses to expand into lucrative emerging markets, OPIC has provided \$400 million to two leading American banks, Citibank and Wachovia, to increase their lending in developing countries.

OPIC's board approved a \$200 million loan guaranty for Citibank to establish a lending facility for Latin America, with initial focus on Bolivia, Colombia, Ecuador, Paraguay, Peru and Uruguay; and a second guaranty for \$100 million for a Pakistan facility, as part of the \$300 million in support for the country OPIC announced last October.

The board also approved \$100 million for a new lending facility with Wachovia that will enable the bank to expand its lending to small and medium-sized businesses investing in emerging markets.

In each facility, OPIC and the banks will share risk in new loans to borrowers in eligible countries. By teaming with Citibank



▪\$100 million facility to expand lending to small and medium-sized business investing in emerging markets

and Wachovia, OPIC will leverage its ability to finance projects while helping the banks to expand their lending in emerging markets. The new facilities will help to alleviate the acute shortage of medium- and long-term commercial financing in the emerging markets, a significant obstacle to economic development.

In particular, OPIC and Wachovia will share risk in downstream loans of extended tenors originated by Wachovia in eligible countries. Historically, U.S. commercial bank financing for the offshore projects of small and medium-sized enterprises has been difficult to obtain.

"OPIC's board recognizes that small businesses are a vital engine of economic growth in developing countries. With Wachovia Bank we can unleash their capacity to deliver much-needed capital to emerging markets," said OPIC President and CEO Dr. Peter Watson.

Similarly, he said, "with the assistance of an experienced bank such as Citibank, we anticipate that this initiative will contribute to further economic growth in developing countries."



▪\$200 million lending facility for Latin America
▪\$100 million lending facility for Pakistan

MESSAGE FROM THE PRESIDENT

Small businesses embody the best of America's free market system. Without hefty margins to protect them, they manage to demonstrate the innovation, flexibility and competitive efficiency we associate with the earliest days of our corporate forebears. We still rely on small businesses to open new markets, and in the process to generate new networks of interconnectivity.

In emerging markets, the presence of U.S. small businesses has additional benefits. They can introduce transparent business practices, commercial infrastructure and developmental assistance to regions eager to generate their own economic growth.

OPIC's recent insurance project in Guatemala combines the best of these traditions. A small business, Texas Overseas Gas Corporation, is building a liquefied petroleum gas (LPG) facility in Guatemala which will serve much of Central America and more than double the region's LPG storage capacity.

The project has the potential for far-reaching effects: it should spark regional economic activity, lower fuel prices, and spare acres of land otherwise slated for deforestation, while at the same time providing local populations with a clean source of fuel.

Another OPIC project, involving a much smaller company, will enable it to expand its production of optical components in Russia - and simultaneously provide local staff with training in the United States. Scale is therefore not critical; a small project can be as edificatory to economic confidence as a large one.

What is critical, though, is enabling more American companies to expand into emerging markets. Finding a way to overcome the acute shortage of medium- and long-term commercial financing would mean overcoming the chief obstacle to U.S. businesses' designs for expansion.

With that goal in mind, OPIC has forged partnerships with Citibank and Wachovia



Dr. Peter S. Watson

to provide more companies more capital in more markets. Citibank lending facilities for Latin America and Pakistan, and a Wachovia facility for small businesses, will help unleash the unique capacity of American enterprise to generate the kind of economic growth we know to be a foundation for democracies everywhere.

OPIC urges investment in Kosovo & East Timor

Expressing confidence in two peoples' capacity to overcome civil strife and start anew, OPIC has opened its programs in both Kosovo and the world's youngest democracy, East Timor. OPIC President and CEO Dr. Peter Watson urged U.S. companies invest in both markets.

"East Timor worked hard to achieve its independence, and we anticipate a similar commitment by its people to the economic development of their new nation. OPIC strongly encourages U.S. companies, large and small, to help East Timor consolidate its gains and secure a place in the global marketplace," Dr. Watson said after signing a bilateral agreement with East Timorese Prime Minister Mari Alkatiri.

A similar agreement between OPIC and the UN Mission in Kosovo (UNMIK)

enabled OPIC to make its products and services available in Kosovo.

UN Special Representative for the Secretary General Michael Steiner said, "the existence of this OPIC agreement should make it much more attractive for the American private sector to invest in Kosovo. I would like to see this example followed by other nations."



OPIC President & CEO Dr. Peter Watson with Prime Minister Mari Alkatiri of East Timor, above; right, UN Representative Michael Steiner signing bilateral agreement with OPIC in Kosovo.



FOR MORE INFORMATION:

Overseas Private Investment Corporation
1100 New York Avenue, NW
Washington, D.C. 20527
Tel: 202-336-8799
Website: www.opic.gov

To subscribe to *OPIC News*, please send an email to opicnews@opic.gov with "subscribe" in the subject line.

Inquiries concerning *OPIC News* content: Timothy Harwood, editor tharw@opic.gov

Small business in focus: LPG capacity in Central America doubled thanks to California company & OPIC



OPIC is providing \$25 million in political risk insurance to a U.S. small business

that is constructing the largest liquefied petroleum gas (LPG) storage facility in Central America, more than doubling the region's capacity.

OPIC insurance will cover Texas Overseas

The increased supply and distribution of LPG will likely reduce prices in local markets, as well as carbon emissions. As LPG becomes more affordable, it could become an alternative fuel source to firewood and indirectly mitigate deforestation. Central America is home to seven percent of the world's total biodiversity; large areas of forest, however, are cut and burned for firewood or used in the production of paper, while significant portions of land are cleared for agricultural use.



Puerto Quetzal in Guatemala is known for ancient ruins, but stands to become a regional transit point for the delivery of liquified petroleum gas purchased on the international spot market.



Gas Corporation of San Diego for construction and operation of an 18-million gallon LPG storage facility near Puerto Quetzal on the Guatemalan coast. The facility consists of 18 tanks, a piping connection to the port and parking areas.

Using LPG procured on the international spot market, the facility will serve markets in Guatemala, El Salvador, Honduras and Nicaragua. Current LPG storage capacity in Central America is 13 million gallons; the new facility will expand regional capacity by 140 percent.

On the American side, the project will generate \$5 million in initial procurement from 25 suppliers located in Texas, Arizona, and Missouri.

For Guatemala, the largest economy in Central America, the project represents an crucial step forward in its international trade relations: Guatemala imports LPG from United States, Mexico, Venezuela, Algeria, and Australia, and in turn exports it throughout the region.

OPIC insures optics business for expansion in Russia



OPIC is providing \$777,000 in political risk insurance for a U.S. small business to expand its optical components manufacturing facility in Russia.

International Scientific Products Corporation (ISP) of New York will use OPIC's insurance for a consignment of equipment and accessories to be used to increase production and quality control at ISP's operation in St. Petersburg. The Russian enterprise, ISP Optics Sankt Petersburg, produces optical components such as lenses, domes, prisms, polarizers and wave plates that are sold to markets in the United States and worldwide.

The project will generate 20 local jobs in Russia, as well as tax revenue for the country. ISP has ensured that senior management of the foreign enterprise

receive MBA coursework and that its opticians receive training in the United States.



Peru conference to highlight investment opportunities in Andes

Enabling American companies to tap dynamic emerging markets in the Andes is the goal of a trade and investment conference upcoming in Lima, Peru, in early October, co-hosted by OPIC, the U.S. Trade and Development Agency and the U.S. Export-Import Bank.

ANDEAN REGIONAL
TRADE & INVESTMENT
CONFERENCE:
OCTOBER 3-4, 2002
LIMA, PERU



The Andean Regional Trade and Investment Conference will draw dozens of businesses from Bolivia, Colombia, Ecuador, Peru and the U.S. to discuss opportunities in the infrastructure, technology, tourism and renewable energy sectors, followed by matchmaking sessions designed to get projects underway. Staff from the agencies, and from the State and Commerce departments will be on hand to facilitate the networking.

The conference, part of the Bush Administration's commitment to expand regional trade, will also highlight successful experiences of American companies in the Andes. OPIC, which currently provides \$1.2 billion in support for projects in Andean countries, invites U.S. companies to participate by calling 202/336-8450 or sending an email to andeanregionalconference@opic.gov.

UPCOMING EVENTS

September 10-11, 2002, Moscow, Russia:
Russia 2002: A Bull in a Bear Market
Rashmi Nehra, OPIC Insurance
Registration: www.euromoneyconferences.com

September 11-13, 2002, Almaty, Kazakhstan:
Kazakhstan International Metals and Metallurgy Exhibition and Conference
Peter Ballinger, OPIC Investment Development and Economic Growth
Registration: www.ite-exhibitions.com

October 3-4, 2002, Lima, Peru:
Andean Regional Trade & Investment Conference
Ross Connelly, OPIC Executive Vice President
Registration: andeanregionalconference@opic.gov

October 18, 2002, St Louis, MO:
Annual Fall Symposium -St. Louis Chapter of the Association for Corporate Growth
Lawrence Spinelli, OPIC External Affairs

