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OPIC projects update infrastructure in Latin America



Transportation infrastructure in Latin America received a boost in April when OPIC announced projects that will update Ecuador's main airport and Brazil's railway system, setting the stage for economic growth in each country.

On April 24, OPIC's board approved up to \$200 million in OPIC financing for the construction of a new international airport



OPIC financing will enable Ecuador to construct a new airport, moving the existing one (insets) out of downtown Quito.

in Ecuador, enabling the country to move one of its two main airports out of the center of Quito and thereby accommodate greater commercial air traffic and improve safety.

Establishment of a new airport is a priority for Ecuador: the downtown location of existing Mariscal Sucre airport restricts approach and take-off paths and limits payload and revenue-generating capacity.

OPIC will provide an investment guaranty to Corporación Quiport S.A. (Quiport), established in part by U.S. sponsor HAS Development Corporation, affiliated with

the Houston Airport System, for the construction of a new airport approximately 15 miles outside Quito and the continued operation of the existing airport until the new one is completed.

The next day, OPIC announced that a U.S. small business would use OPIC financing to lease railway cars to users of the Brazilian railroad system, helping that country meet growing transportation needs in its agribusiness and

A Texas small business will use an OPIC loan to purchase railway cars and rent them to Brazilian exporters.



other foreign exchange-earning industries.

OPIC will provide a \$2 million loan to Global Railroad Leasing (GRL) of San Antonio, Texas, for the purchase of used railway cars from U.S. suppliers. GRL will lease the cars - called hoppers - to its Brazilian affiliate, FerroLease, a joint venture between GRL and GRUPO ATT, Brazil's largest independent railroad terminal operator. FerroLease will retrofit the cars for use on Brazilian rail lines and rent them to agribusinesses and other export sectors.

Brazil's transportation market currently suffers from a lack of capital, resulting in a shortage of railroad cars to serve a growing demand for freight service.

MESSAGE FROM THE PRESIDENT

Good infrastructure - passable roads, modern and efficient airport, railway and port systems, reliable provision of water and electricity - seems such a birthright in the United States that we forget how essential it is to economic growth. When linked together, the elements of smoothly operating infrastructure can ensure that deadlines are met, deliveries are dependable, and critical services are uninterrupted. These, in turn, are prerequisites to a successful business plan; absent them, revenue goals are often difficult to meet. Don't doubt that investors look early on for solid infrastructure when considering a project overseas.

OPIC has long experience in helping developing countries improve the efficiency of their infrastructure systems. Last month, OPIC's board approved \$200 million in financing for the construction of a new international airport in Ecuador, enabling the country to move one of its two main airports out of the center of Quito and

accommodate more commercial air traffic. Establishment of a new airport has been a priority for the Ecuadorean government: the downtown location of the existing airport restricts approach and take-off paths and thus revenue-generating capacity.

Whereas the Quito airport project might be termed a 'traditional' OPIC undertaking, in terms of its scope and developmental impact, it is worth noting that in the last month OPIC demonstrated that U.S. small businesses continue to help developing countries update their infrastructure.

Thus OPIC announced in April that separate U.S. small businesses would use OPIC financing to lease railway cars to users of the Brazilian railroad system, helping that country meet growing transportation needs in its agribusiness and mining industries; and to purchase airplanes for a new airline in the Caucasus, enabling the region to meet its own commercial goals.



Dr. Peter S. Watson

We are encouraged by this trend toward involving small businesses in infrastructure projects. On the ground in Ecuador, Brazil or Armenia, however, a better airport, a new airline or a more efficient railway is what really matters.

US small business uses OPIC loan to expand clinical research services in eastern Europe

OPIC financing will enable a U.S. small business to expand its clinical research services in eastern Europe, easing access to state-of-the-art medicines for local populations and raising the quality of health care in the region.

OPIC will provide a \$300,000 loan to AbC.R.O., Inc. of Virginia to establish a new office in Belgrade, Yugoslavia, and to upgrade existing AbC.R.O.

offices in Sofia, Bulgaria; Bucharest, Romania; and Zagreb, Croatia.



Rudimentary medical infrastructure like that in the pathology department (below) of Pirogov Hospital in Sofia, Bulgaria, will be updated by the OPIC-supported expansion of a Virginia-based small business.



AbC.R.O. is a small contract research organization which provides clinical study services to global pharmaceutical, contract research and biotechnology companies. AbC.R.O. offers clinical trial services for later-stage drug development and bio-pharmaceutical services for the collection of blood and tissue samples critical to early stage drug discovery.

"Access to cutting-edge medical treatment is often lacking or nonexistent in emerging markets. OPIC is pleased to work with a U.S. small business which stands to raise the quality of medical care substantially in eastern Europe," OPIC President Dr. Peter Watson said.

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Asia in focus:

Caucasus airline, housing in western Asia aided by OPIC Small Business Center

OPIC's Small Business Center last month approved financing for two projects that will help several nations in western Asia modernize their infrastructure.

In the first, OPIC financing will enable a U.S. small business to purchase two airplanes for a new airline in the Caucasus, helping three countries in the region - Georgia, Azerbaijan and Armenia - meet important commercial goals.

OPIC will provide a \$4.6 million loan to U.S. sponsor Pacific International Holdings, Inc. for the purchase of two turbo-propeller airplanes from Air Excel for use by Caucasus Airlines, which began service last year. The airline provides chartered and scheduled flight service between its hub in the Georgian capital of Tbilisi and other commercial centers in the region: Batumi in Georgia, Baku in Azerbaijan and Yerevan in Armenia. Market demand for the routes is driven by commercial business travel.

"This project will help to establish an important foundation for future growth, by promoting safe travel within the Caucasus region, generating local jobs



Robert F. Christian, president and CEO of Pacific International Holdings, finalizes the OPIC-supported purchase of two airplanes for use by Caucasus Airlines, with Tbilisi airport, right, as its hub.



and providing an exchange of technology from a U.S. small business to a regional company," said OPIC President Dr. Peter Watson.

In the second project, a U.S. small business will use OPIC financing to establish a dome house manufacturing facility in western Asia, enabling several countries in the region to address urgent housing and storage needs at relatively low cost.

OPIC will provide a \$1.2 million loan to Domes International of Mississippi for the construction of a dome house manufacturing facility in Gujarat State, India, to facilitate sales in India and surrounding countries, including Pakistan, Afghanistan, Bangladesh and Sri Lanka.

The dome structures are made of molded fiberglass and require little outside maintenance. Their double fiberglass exteriors produce optimal energy efficiency: with one-third less outside surface than conventional buildings, the domes generate 30 percent energy savings by comparison.



The manufactured housing made by Domes International of Mississippi can be used for both residential and commercial purposes. OPIC is supporting Domes' expansion with a \$1.2 million loan.



OPIC & U.S. Commercial Service team up

Joining forces to help American companies, OPIC and the U.S. Commercial Service concluded a memorandum of understanding committing the two agencies to work together to support U.S. trade and investment overseas.

"Individually, OPIC and the Commercial Service provide American companies with valuable services for their expansion into emerging markets. Through this historic agreement, we will provide a comprehensive network of support that is greater than the sum of its parts to U.S. businesses, both large and small," said OPIC President Dr. Peter Watson.

Assistant Secretary of Commerce and Commercial Service Director General Maria Cino said, "Ninety-seven percent of U.S. exporters are small and medium-sized companies. We look forward to working with OPIC to help them enter new international markets and create jobs and opportunity here at home."

The MOU calls for strengthening of institutional ties, increased information-sharing and cross-training of personnel, and cooperation in implementing export and investment development activities.



OPIC President and CEO Dr. Peter Watson and U.S. Commercial Service Director General Maria Cino.

OPIC-led forum foresees increased trade between Arizona and Mexico

Arizona's successful high-technology industries, skilled workforce and economic outreach across its southern border have positioned the state for new levels of investment and trade with Mexico, leaders of OPIC and other U.S. government agencies told a forum of Arizona business leaders on May 5.

Representatives of more than 80 Arizona companies heard top executives of OPIC, the Export-Import Bank of the United States, the U.S. Small Business Administration (SBA) and the U.S. Trade and Development Agency (TDA) describe the ways their respective agencies could help Arizona busi-

nesses use those advantages to expand into Mexico, America's second-largest trading partner.

"Arizona has leveraged its industrial capacity, human capital and govern-



From left, Tucson Mayor Robert Walkup, OPIC President and CEO Dr. Peter Watson, and Representative Jim Kolbe (R-AZ), compare notes during Arizona-Mexico trade forum.

ment resources as well, if not better, than any state, to increase trade and investment in Mexico. We have come to Tucson to offer our services to Arizona companies eager to access the growing markets in Mexico," said OPIC President and CEO Dr. Peter Watson.

Representative Jim Kolbe (R-AZ) said, "Arizona is poised to enter a new era of economic partnership with Mexico, based on the vibrant entrepreneurial spirit that exists on both sides of the border. That we could draw so much support from the federal agencies assembled today speaks to the scale of the opportunity that exists for both Arizona and Mexican companies."

UPCOMING EVENTS

May 20-23, 2003, Luanda, Angola
7th African Oil & Gas, Trade & Finance Conference
Jill Bezek, Insurance Officer
www.ite-exhibitions.com/og

May 22-23, 2003, Coral Gables, Florida
Western Hemisphere Business Outlook Conference
Gary Keel, CFO & Small Business Center Director
www.efloridabusiness.com

June 2-3, 2003, London, England
Royal Institute of International Affairs: Political Risk - Assessing Exposure & Implementing Protection Strategies
Michael Lempres, Vice President of Insurance
www.riia.org

June 8-10, 2003, Chicago, Illinois
Afghanistan: Rebuilding a Nation, co-sponsored by the U.S. Trade & Development Agency and the U.S. Department of Commerce
Dulce Zahniser, Deputy Chief of Staff
www.trademeetings.com

