

# OPIC News

June 2003  
Vol. 5 No. 6

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

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## OPIC agreement marks start of hotel project in Afghanistan



Site of the future Hyatt Regency Kabul, construction of which will employ approximately 300 Afghans.

**OPIC** Executive Vice President Ross Connelly in June signed a commitment letter enabling the start of construction on a 205-room hotel in Kabul - the largest U.S. private investment in Afghanistan in a generation and the most recent example of the Bush Administration's commitment to the country's reconstruction.

Connelly signed the letter at a conference on Afghanistan's reconstruction sponsored by the U.S. Trade and Development Agency and the U.S. Department of Commerce.

OPIC will provide \$40 million in support to the hotel project, comprising \$24.5 million in financing and \$15.5 million in political risk insurance. OPIC is reinsuring a property casualty insurance subsidiary of American International Group (AIG) that is also supporting the project.

The hotel, to be called the Hyatt Regency Kabul, will be located in the heart of Kabul's business, government, and diplomatic district, and will offer a full range of meeting facilities, as well as a business center.

Hyatt International Corporation will serve as the hotel operator. Hyatt will provide technical services during the design and construction of the hotel, training and recruitment of the

hotel staff prior to the hotel opening, and will manage the hotel after its opening. The project will result in the training and employment of about 300 Afghans.

The project represents significant progress toward fulfilling President Bush's 2002 announcement that OPIC would establish a \$50 million line of credit for U.S. private sector investment in Afghanistan. In March, OPIC President and CEO Dr. Peter Watson increased the amount to a minimum of \$100 million.



OPIC Executive Vice President Ross Connelly signs a letter committing OPIC to provide \$40 million for the construction of a hotel in Kabul.

## MESSAGE FROM THE PRESIDENT

It is difficult to overstate the meaning of the new U.S.-Mexico bilateral agreement to OPIC. It represents not only the fulfillment of several principal goals of the Partnership for Prosperity, but the culmination of years of OPIC efforts to strengthen our ties to Mexico by mobilizing U.S. investment in America's second-largest trading partner.

OPIC's interim small business investment support program has been operating in Mexico since early 2001, OPIC will be able to fully open its programs in Mexico only after the agreement is ratified by the Mexican Chamber of Senators.

Initially, OPIC intends to focus on projects in the education, municipal infrastructure and environmental sectors. Additional opportunities will be explored in the housing and water infrastructure sectors. OPIC will also

have the opportunity to provide support to private equity investment funds investing in Mexico.

The bilateral agreement will also allow OPIC to work freely along with its sister agencies, the US Trade and Development Agency and the Export Import Bank of the US, in providing investment support in Mexico, and providing legal protections for American investors.

Not least, the bilateral agreement represents a significant fulfillment of some of the central goals of the Partnership for Prosperity, established by Presidents Bush and Fox. Two of the Partnership's stated goals relate specifically to areas of OPIC's expertise: increasing the Mexican entrepreneurs' access to capital; and increasing investment in housing, so that more Mexicans can become homeowners.



**Dr. Peter S. Watson**

Our experiences in Mexico give me great confidence that we will increase our activity significantly, to the benefit of both U.S. and Mexican companies, and our peoples.

## Watson addresses Congress on OPIC reauthorization

**OPIC** President and CEO Dr. Peter Watson addressed the House International Relations Committee on June 10 about OPIC's proposal for reauthorization by Congress this year. Below are excerpts from his statement:

"Today, OPIC plays an uncommon and indispensable leadership role in fostering economic development and expanding global commerce, thereby promoting free

market systems and democratic values worldwide. The unprecedented events of 2001 have brought a fresh relevance to our work. As a catalyst for private sector investment, OPIC continues to play a meaningful role in the development of the very regions where instability poses foreign policy and national security challenges to the nation.

"In consultation with our stakeholders here in the Congress, and with guidance from the Administration, we set out on a new course, to align OPIC's products and services in a manner that supports OPIC's mission, while also recognizing a robust and growing private market that has developed since OPIC's founding.

"Our goal is to ensure that OPIC's participation "adds value" by assessing the degree to which OPIC can leverage its resources for a broader economic impact, and the extent to which the project in question contributes to the economic

development of the host country. "We have come a long way in a short time, building a record of accomplishment that implements OPIC's vital and challenging mission. With Congress's approval, we will continue to be a unique and innovative force to promote the most developmental and responsible investments around the globe."



OPIC President Dr. Peter Watson addresses the House International Relations Committee on June 10.

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# Mexico in focus:

## Bilateral agreement paves way for full OPIC activity

The United States and Mexico in June concluded a bilateral agreement that would enable OPIC to offer all its programs and services in Mexico, America's second-largest trading partner. The agreement must be ratified by the Mexican Chamber of Senators to become effective.

sister agencies, the U.S. Trade and Development Agency and the Export Import Bank of the U.S., to provide investment support in Mexico.

"Conclusion of this bilateral agreement represents not only the fulfillment of several goals of the Partnership for Prosperity, but the culmination of years of OPIC efforts to strengthen our own ties to Mexico," said Dr. Watson. "The result, I am confident, will help to fur-



US Ambassador Tony Garza, left, and Mexican Ambassador Juan Jose Bremer flank OPIC President Dr. Peter Watson and Mexican Secretary of the Economy Fernando Canales as they sign bilateral agreement.

Mexican Secretary of the Economy Fernando Canales and OPIC President and CEO Dr. Peter Watson signed the agreement at a Partnership for Prosperity investment conference in San Francisco. OPIC has been able to support only U.S. small businesses investing in Mexico since early 2001.

Initially, OPIC intends to focus on projects in the education, municipal infrastructure and environmental sectors in Mexico. Additional opportunities will be explored in the housing and water infrastructure sectors. The agreement will also enable OPIC to work with its

ther unleash the entrepreneurial capacity of Mexican businesses by mobilizing U.S. capital, and consequently bring important developmental benefits to the Mexican people."

President Bush and President Fox of Mexico established the Partnership for Prosperity in 2001 as a public-private alliance to spur private-sector economic growth throughout Mexico. The partnership draws on the best ideas of U.S. and Mexican economists, businesspeople, development experts, and policymakers to promote U.S. direct investment in Mexico.

## OPIC Insurance boosts Afghan reconstruction

OPIC political risk insurance will enable a U.S. small business to make an important contribution to Afghanistan's reconstruction, through the repair of existing roads and construction of housing and schools, and development of water supply systems.

OPIC will provide \$5 million in insurance to Shelter FOR Life International, Inc. to cover vehicles, construction and communications equipment the NGO is utilizing in Afghanistan. The equipment



Shelter for Life International is helping rebuild roads, housing and schools in Afghanistan. Photo: Shelter FOR Life International

will be used to carry out infrastructure projects throughout Afghanistan over the next ten years, benefiting thousands of Afghans. The project is also supported by the U.S. Agency for International Development.

Shelter FOR Life International is a Wisconsin-based NGO specializing in humanitarian and relief services for internationally displaced persons, refugees and disaster victims in Tajikistan, Macedonia, Sri Lanka and Afghanistan, with offices in each country.

The OPIC project is the second involving Shelter FOR Life: in February, OPIC announced that it would insure Vermeer Manufacturing for a compressed brick machine to be used by Shelter for Life the construction of three schools in Kabul, one of them for girls.

## U.S. small business uses OPIC loan to expand Internet security in **Latin America**

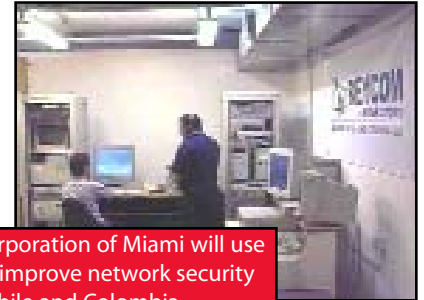
OPIC financing will enable a U.S. small business to expand its network and information security operation in Latin America, raising the level of Internet security in the region particularly for small and medium-sized companies.

OPIC will provide a \$2.25 million loan to Etek International Corporation of Miami for the establishment of security network management and monitoring infrastructure (SOCs) in Miami, Argentina, Brazil, Chile and Colombia. The SOC's will provide security monitoring for Etek clients in those countries, including firewalls, intrusion detection and anti-virus monitoring, authentication, web filtering and a 24-hour help desk.

Etek's network and information security solutions not only prohibit unauthorized access to clients' systems from outside parties, but unauthorized internal uses as well, such as access to internal confidential records.

OPIC President Dr. Peter Watson said the project would assist small and medium-sized enterprises (SMEs) in Latin America, where the network security market is in early stages of development.

Etek International Corporation of Miami will use an OPIC loan to help improve network security in Argentina, Brazil, Chile and Colombia.



"SMEs must have adequate security in order to take full advantage of the Internet's potential. That level of support and has been lacking in Latin America, so OPIC is pleased to support a project that is addressing a real market need," he said.

### UPCOMING EVENTS

**June 24-27, 2003, Washington, D.C.**

**Corporate Council on Africa 4th Biennial US-Africa Business Summit**

**Dr. Peter Watson, OPIC President and CEO**

[www.africacncl.org/CCA\\_Summits/2003\\_registration](http://www.africacncl.org/CCA_Summits/2003_registration)

**July 28-29, 2003, Miami, Florida**

**Center for Business Intelligence 4th Annual Latin America Power Projects Conference**

**Nancy Rivera, Project Finance Manager**

[www.cbnet.com/events/PB326.index.html](http://www.cbnet.com/events/PB326.index.html)

**September 16-19, 2003, San Diego, California**

**District Export Council's 2003 National District Export Council Conference**

[www.2003deconference.com](http://www.2003deconference.com)

**September 25, 2003, Houston, Texas**

**Greater Houston Partnership: Protecting America's Future - the Role of Exports**

**Daniel Nichols, Vice President of Investment Development and Economic Growth**

