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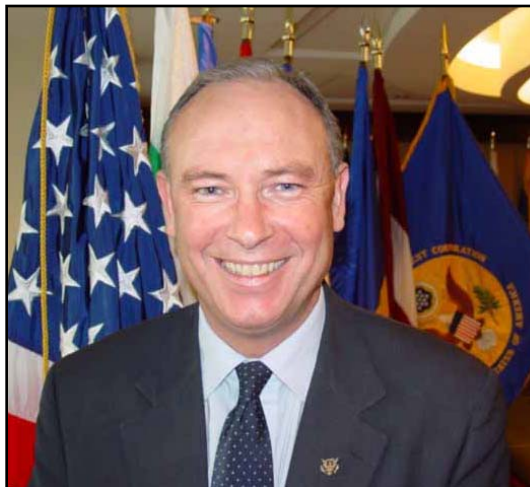
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The economic outlook is good, its business sectors are innovative, its governments reform-minded, its entrepreneurs chomping at the bit: Emerging Europe is ready to turn U.S. private sector investment into profits and sustained growth.

Union. Private equity investors are already shifting their focus from the state sector to private companies, reflecting a newfound optimism. Sectors such as information technology and tourism have drawn new investment from overseas and carved out niche markets for the region.

That is the message of *Forging New Partnerships in Emerging Europe*, an OPIIC-sponsored conference intended to inform U.S. companies, and prospective partners in 15 countries throughout the region, about the many opportunities awaiting them in one of the world's most lucrative emerging markets. The conference will also help to strengthen economic relations between the United States and the region.



"Emerging Europe is a vibrant market for American investment, capable of turning U.S. capital into substantial returns on the strength of its innovative industries. We have brought together companies with experts who can provide the wherewithal to help them realize their ambitions."

Dr. Peter Watson
OPIIC President & CEO

Enabling U.S. companies to take advantage of investment opportunities in emerging Europe is OPIIC's job at the conference. OPIIC has invited ministers from each of the 15 countries, representatives from both U.S. and local companies, and experts from the U.S. government to provide participants with a nuanced understanding of the investment climate and protocols in the region. Opportunities in Iraq and Afghanistan will also be discussed.

Economic growth in the region averaged nearly five percent in 2003, and is expected to continue at that rate for the medium term. Increased investment flows and strong domestic consumption are driving growth, as are anticipated benefits of accession to the European

The conference will target opportunities in Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Kosovo, Latvia, Lithuania, Macedonia, Poland, Romania, Serbia and Montenegro, Slovakia and Slovenia.

MESSAGE FROM THE PRESIDENT

This is an exciting time to be an entrepreneur in emerging Europe, something akin to being a member of a rising football club on the eve of a new season. Your team is loaded with talent, everyone knows it, and you're eager to get on the field to make the predictions come true.

OPIC's conference, *Forging New Partnerships in Emerging Europe*, aims to help U.S. companies ride that sense of optimism to a rightful place in the development of one of the world's leading new markets. OPIC has brought together companies eager to access investment opportunities in the region with experts who can provide the wherewithal to help them realize their ambitions. The countries and regions represented at the conference - Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Kosovo, Latvia, Lithuania, Macedonia, Poland, Romania, Serbia and Montenegro, Slovakia and Slovenia - offer

significant returns to U.S. investors willing to tap that expertise to their own advantage.

The economic outlook for emerging Europe is indeed good. Growth among countries in the region averaged 4.8 percent in 2003, up from 3.7 percent the previous year, and is expected to continue at the same rate for the medium term. Inflows of foreign direct investment are strong, as are rates of productivity, consumption, imports and savings.

For OPIC, this good news comes as no surprise. Historically, OPIC has supported 126 projects in the region with almost \$2.7 billion in support. We are therefore pleased to offer at the conference first-hand accounts from investors about their experiences in emerging Europe's particularly lucrative sectors, such as small business, tourism, infrastructure, IT and housing.

Through its support for the international war against terrorism, emerging Europe has already demonstrated its



Dr. Peter S. Watson

commitment as strong allies of the United States. It is my hope that this conference will build upon this friendship and help to fulfill President Bush's commitment to strengthening and expanding the economic ties between the U.S. and the region.

Investment opportunities ample, OPIC role crucial in Iraq's reconstruction: CPA deputy director

Michael Fleischer, Deputy Director of the Office of Private Sector Development for the Coalition Provisional Authority, will address the conference on opportunities in Iraq for U.S.-Emerging Europe joint ventures. He previewed his speech for OPIC News.

"Companies that invest now will enjoy a 'first mover' advantage in Iraq. A great amount of reconstruction work needs to be done, especially reinvestment in infrastructure that was badly depleted under Saddam Hussein.

"Yet I see tremendous potential in the Iraqi economy, and opportunities in all sectors. Even omitting reconstruction efforts and its oil reserves, the opportunities for U.S. companies are huge - in agriculture, tourism, finance,

home construction. Iraq needs everything, and has the potential to become a middle-income country, if not better.



Iraqi workers renovate the Al-Doura power plant in Baghdad, with USAID support.

"American companies interested in Iraq need to come to the country, meet the people, become familiar with the market, and identify Iraqis they can work with. I've met many Iraqi individuals who are terrific employers and would be excellent co-investors.

"OPIC's role, because of elements of instability in the country, will be crucial. OPIC can give companies an extra measure of confidence. The security situation deserves attention, but it is not nearly as bad as depicted in the media. It is manageable and *can* be managed."

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Emerging Europe in focus:

OPIC expertise, support and experience point way to successful investment for U.S. and local companies

In its 32-year history, OPIC has provided nearly \$2.7 billion to 126 projects in the countries of emerging Europe represented at the conference, transferring technology and expertise, stimulating economic growth and ultimately raising standards of living for thousands of people in the projects' host countries.

In the process, that OPIC support has provided U.S. businesses, large and small, access to dynamic markets they otherwise might not have considered, giving them valuable competitive advantages and new platforms for their own growth. Current projects in the region include:

* a U.S. small business using a \$9.4 million OPIC loan to establish a flour mill in rural Estonia, helping that country take advantage of opportunities stemming from its entry into the European Union this year. Foodpro International, Inc. of San Jose, California will establish a milling and mixing operation in Viljandi which will produce high-quality flour, ready-to-bake flour mixes, and frozen bakery products including pastries and breads. Grain for the operation will be supplied by both U.S. and Estonian producers.

* a U.S. small business, Roumel Development Corporation, using \$2.5 million OPIC loan build between 700 and 800 apartments in the Bosnian city of Mostar, which saw nearly 60 percent of its housing stock damaged or destroyed during the civil war of the 1990s. Roumel will construction up to 18 apartment/condominium buildings, each with approximately 44 private residences, as well as retail space. Called 'Sun Valley,' the development will target the middle-income professional market in Bosnia.



OPIC Executive Vice President Ross Connelly addressing a 2002 OPIC conference in Serbia which drew more than 50 companies from across the region.



Apartments built in Mostar by a U.S. small business are enabling Bosnia to overcome a housing shortage.

directly or through Romanian NGOs, to individuals or small businesses, primarily for microfinancing purposes. A small percentage of loans will be used for housing improvements, a traditional CHF focus. CHF Romania anticipates that over the next five years it will extend more than 1500 loans with an aggregate \$12 million in total loan value.

* a U.S. small business using a \$300,000 OPIC loan 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. AbC.R.O., Inc. of Virginia is establishing a new office in Belgrade, Serbia, and upgrading existing offices in Sofia, Bulgaria; Bucharest, Romania; and Zagreb, Croatia.

AbC.R.O. is a contract research organization which provides Phase II to Phase IV clinical study services to global pharmaceutical, contract research and biotechnology companies.

* a U.S. non-governmental organization using a \$2.5 million OPIC loan to support its microfinancing efforts in Romania, helping both the NGO and Romanian entrepreneurs expand their productive capacity. CHF International of Silver Spring, MD, will use the OPIC loan to on-lend funds, either



A magazine vendor in Romania who benefited from the microfinancing efforts of an NGO supported by OPIC.

New **OPIC fund** another resource for investors interested in Emerging Europe

U.S. and local companies interested in investing in emerging Europe should consider another new OPIC resource: a private equity investment fund OPIC is in the process of establishing. The agency last November issued a call for proposals to manage a fund intended to increase investments in businesses in central and eastern Europe.

OPIC will contribute up to \$65 million, or up to 45 percent of the total capital of the fund, with the balance to be raised by the fund manager. The fund will target OPIC-eligible countries and regions in the region,

including Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Kosovo, Latvia, Lithuania, Former Yugoslav Republic of Macedonia, Poland, Romania, Serbia and Montenegro, Serbia, Slovakia and Slovenia.

The fund is intended to provide capital for new business development and existing company expansions, as well as restructurings and privatizations. The fund will be eligible to invest in a wide range of sectors, which will be determined by the selected fund manager.

"In establishing this fund, OPIC is working to expand economic development by providing the kind of access to long-term capital that is a challenge for companies interested in central and eastern Europe," OPIC President and CEO Dr. Peter Watson said. "We hope to unlock some of the many opportunities the region presents to potential investors and to bring an infusion of equity capital to new and growing local businesses."

UPCOMING EVENTS

March 23-24, 2004, London, England
TransAfrica 21 Africa Investment Forum
 Marysue Shore, Director of African Affairs
www.energynet.co.uk/aif

March 29-30, 2004, Houston, Texas
Russian Oil & Gas: Investment and Opportunity
 James Gale, Investment Development & Economic Growth; Rashmi Nehra, Insurance
www.srinstitute.com/cr263

May 18-19, 2004, Miami, Florida
Securitization in Latin America Summit
 Ruth Ann Nicastrì, Insurance
www.euromoneyseminars.com

May 18-19, 2004, Kansas City, Kansas
Kansas City World Trade Week
 Daniel Nichols, Vice President, Investment Development & Economic Growth
www.itckc.org/WTW

