



# OPIC Highlights

## Supporting Private Sector Investment in Russia

Since 1992, OPIC has provided more than \$3.8 billion in finance and insurance to 115 projects ranging from manufacturing to telecommunications. OPIC's current finance and insurance investments provide more than \$397 million to 17 projects in the manufacturing, financial services and energy sectors. OPIC's investment funds have committed over \$900 million to seven funds, and currently have five funds with \$224 million invested in 20 companies in Russia.

### OPIC Insures U.S. Small Business for Expansion in Russia

International Scientific Products Corporation (ISP) of New York will use \$777,000 in OPIC's political risk insurance to expand its optical components manufacturing facility in Russia.

The insurance will cover against risk of expropriation and political violence 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 U.S. and worldwide.

OPIC expects this project to generate 20 local jobs as well as tax revenue for the country.

ISP has also ensured that senior management of the enterprise will receive MBA coursework and that its opticians will receive professional training in the United States.

### OPIC Signs Financing Agreement for Oil Export Project in Russia

In September 2003, Ross J. Connelly, OPIC executive vice president and chief operating officer signed an agreement with Russia's leading oil producer committing OPIC to guarantee \$130 million in financing for a project that will enable Russia to expand its oil export capacity in a cost-effective manner.



OPIC Executive Vice President and Chief Operating Officer Ross J. Connelly, right, and Lukoil Chairman Vagit Alekperov sign agreement for OPIC-guaranteed financing of oil export project in Russia. Standing in front of American flag is U.S. Secretary of Commerce Donald Evans.

OPIC is providing the loan guaranty to a subsidiary of HBK Fund LP, a Delaware limited partnership based in Dallas, Texas, for a \$225 million loan it will make to

an indirect subsidiary of OAO Lukoil, Russia's leading oil producer.

The project consists of the construction and operation of a crude oil and petroleum products export terminal on the western coast of Vysotsky Island on the Gulf of Finland, north of St. Petersburg. OPIC-guaranteed financing will specifically cover the first two phases of the project, including construction of rail links and upgrades, two tank farms and a marine jetty, as well as dredging in the Gulf of Finland to allow for the passage of crude and product tankers. The project is being constructed by a consortium consisting of Lukoil Neftegiastroi and a subsidiary of a U.S. engineering firm.

Connelly said, "Insufficient transportation and storage capacity for exportable oil products has been a significant problem for Russian producers such as OAO Lukoil. With the support of a U.S. company, this project will enable OAO Lukoil both to expand its export volume and substantially reduce its average transportation costs."



OPIC is a U.S. government agency that helps U.S. businesses invest overseas, fosters economic development in new and emerging markets, complements the private sector in managing risks associated with foreign direct investment, and supports U.S. foreign policy. Because OPIC charges market-based fees for its products, it operates on a self-sustaining basis at no net cost to taxpayers. Since 1971, OPIC has supported over \$150 billion worth of investments that have generated over \$66 billion in U.S. exports and supported more than 257,000 American jobs. **For information or to subscribe to OPIC News, please visit our Web site at: <http://www.opic.gov>.**

## Small Business to Use OPIC Insurance to Employ Russian Nuclear Scientists for Medical Advances

In a unique project facilitating U.S. Department of Energy (DOE) efforts to reduce nuclear proliferation, OPIC has committed to provide up to \$25 million in insurance to Numotech, Inc. of Northridge, CA, a U.S. small business, to attract equity financing to establish a Russian joint venture which will employ former Russian nuclear scientists to manufacture medical equipment such as prosthetics and state-of-the-art burn treatments.

“Finding productive employment for nuclear scientists has been a vexing challenge since the end of the Cold War. Working with our colleagues at the Department of Energy, we at OPIC are pleased to be able to help turn those advanced scientific skills to the manufacture of cutting-edge, life-saving medical equipment of the kind produced by Numotech,” said OPIC President and CEO Dr. Peter Watson.

## OPIC Board Approves \$150 Million Lending Facility for Russia and Central Asia

The OPIC board of directors in September 2003, approved a \$150 million guaranty to support Citibank’s U.S. dollar and local currency projects in Russia, Azerbaijan, Kazakhstan, Ukraine and Uzbekistan.

The guaranty is designed to help Citibank expand availability of



credit in the region. Citibank and OPIC will share the risk for individual loans originated under this facility, each of which will be cleared by OPIC for U.S. effects, environmental, human and workers’ rights.

OPIC President and CEO Dr. Peter Watson said the OPIC facility would enable Citibank to expand its presence in these countries, by helping to close the gap between loan opportunities and the limited amount of financing available in Russia and Central Asia.

## OPIC Loan Helps Micro and Small Banking Customers

OPIC has committed to provide a \$30 million loan to Russia’s leading micro- and small finance bank, Small Business Credit Bank (KMB Bank), enabling KMB Bank to make small loans to micro, small and medium-sized customers investing in Russia.

Sponsored by the Soros Economic Development Fund (SEDF), the OPIC loan will be used for short and medium-term financing of projects involving investment in industrial and production facilities

for its micro and small-sized customers. KMB Bank will also offer working capital financing as well as financing of production equipment.

In addition, KMB management will provide intensive on-the-job training for loan officers, as well as formal training seminars and workshops.

“In addition to its direct benefits, this project will stimulate the local economy by providing credit to small businesses and entrepreneurs,” OPIC President and CEO Dr. Peter Watson said. “We are pleased to work on a project which will enable micro and small banking customers to play an important role in the development of Russia’s economic infrastructure.”



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