

# OPIC Highlights

## OPIC in Afghanistan

### Watson Meets with Karzai, OPIC Pledges Additional \$50 Million For Afghanistan

At a meeting on March 4, 2003, with President Hamid Karzai of Afghanistan, Dr. Peter Watson, President and CEO of the Overseas Private Investment Corporation (OPIC), increased OPIC's line of credit to Afghanistan from \$50 million to a minimum of \$100 million to support U.S. private sector investment.

"OPIC has dedicated considerable resources to identifying projects and U.S. companies which can best aid the reconstruction of Afghanistan. We informed President Karzai today that OPIC will redouble its efforts to seek additional U.S. partners who will help speed that process. The extension of an additional line of credit supports this goal," Dr. Watson said.

The increased line of credit follows OPIC's successful efforts to attract private investment in Afghanistan. In January 2002, President Bush announced that OPIC would establish a \$50 million line of credit to



Afghan Minister of Foreign Affairs Abdullah Abdullah, left, and OPIC President & CEO Dr. Peter Watson conclude agreement to build a five-star international hotel in Kabul.

promote private sector investment in Afghanistan. On February 27th, OPIC concluded a memorandum of understanding pledging support for the construction of a five-star international hotel in Kabul, managed by Hyatt International. OPIC anticipates providing both financing and political risk insurance to the project.

President Karzai, in an interview on CNN's Inside Edition with Wolf Blitzer, said the hotel project demonstrated "a vote of confidence in the stability of the government" by the Bush Administration.

Additionally, OPIC announced that it would provide political risk insurance to enable a U.S. manufacturer to donate a compressed earth block machine for the construction of three schools in Afghanistan, at least one of them for girls.

"The two OPIC projects announced last week represent significant progress toward fulfilling President Bush's original January 2002 announcement that OPIC would establish a \$50 million line of credit to promote private sector investment in the country," Dr. Watson added. "That two very different American projects should make equally valuable contributions to Afghanistan's reconstruction is strong evidence of the private sector's impact on emerging markets." ☺



### OPIC Agreement Marks Start of Hotel Project in Afghanistan

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



Site of the future Hyatt Regency Kabul



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

the hotel, 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 and will result in the training and employment of Afghans. ☺

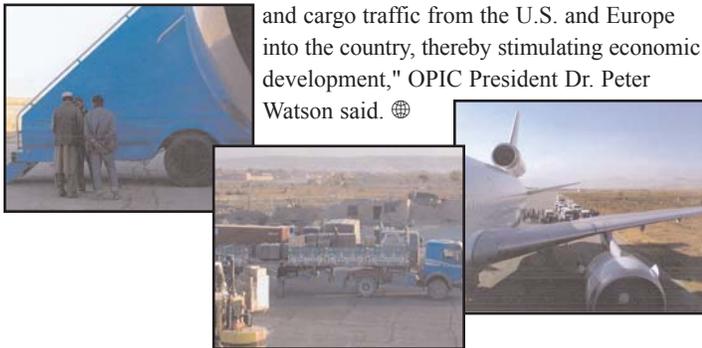
## U.S. Small Business Uses OPIC Loan to Establish Air Service Between U.S. and Afghanistan

OPIC financing will enable a U.S. small business to establish direct air service between the United States and Afghanistan. The service will reduce flight time between the U.S. and Afghanistan from about 40 hours to approximately 15.

OPIC will provide a \$2.1 million loan to The Berkeley Group to establish semiweekly air service between Washington, D.C. and Kabul, with a scheduled stop in Geneva, Switzerland, and a refueling stop in Turkey. World Airways will serve as the airline operator. The project will provide the only service directly between the U.S. and Afghanistan, and the only nonstop service between Geneva and Washington.

The project will help satisfy demand for the service among U.S. and European governmental and nongovernmental workers. It will also respond to a demand for cargo service, which was estimated for the project by a Swiss-Dutch study at 30 tons per week between Europe and Afghanistan alone.

"Establishing direct air service from the United States will help Afghanistan begin its reconstruction, not least by facilitating passenger and cargo traffic from the U.S. and Europe into the country, thereby stimulating economic development," OPIC President Dr. Peter Watson said. 🌐



## OPIC Offers Stand-Alone Terrorism Insurance to Protect U.S. Businesses Overseas

On July 31, 2003, OPIC announced that it will offer stand-alone terrorism insurance to support the international war against terrorism and further protect American businesses abroad. Previously, terrorism coverage was only available under OPIC's broader political violence coverage.

"Unfortunately, American businesses increasingly have become potential targets for terrorist activities overseas," OPIC President and CEO Peter S. Watson said. "By offering stand-alone coverage for companies whose main insurance concerns are terrorist-related," Watson continued, "we can provide a more cost effective product that will help to continue supporting for foreign direct investment in these areas."

OPIC's terrorism insurance will cover violent acts with the primary intent of achieving a political objective, undertaken by individuals or groups that do not constitute a national or international armed force. In addition, coverage will include protection against threats posed by weapons of mass destruction. OPIC will offer tenors of up to 10 years and will cover countries for which private sector insurance is not readily available.

## OPIC To Provide Insurance to Shelter FOR Life International, Inc. for 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 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



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

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 in the construction of three schools in Kabul, one of them for girls. 🌐

Watson noted that in January 2002, Congress passed the Terrorism Risk Insurance Act of 2002 (TRIA) to ensure the continued availability of terrorism insurance domestically. "OPIC's new product will do the same for insurance of American projects abroad, which TRIA does not cover," he said. "We will also work with the private sector by reinsuring sabotage and terrorism coverages for U.S. corporations and U.S. lenders and by filling the gaps in coverage currently available." 🌐



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 nearly \$145 billion worth of investments that will generate \$65 billion in U.S. exports and create more than 254,000 American jobs. For more information and to subscribe to OPIC News please go to <http://www.opic.gov>. 🌐