

OPIC Highlights

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A New Commitment to U.S. Investment in Pakistan

OPIC supports the Bush Administration's commitment to the economic growth of Pakistan. In coordination with the administration, OPIC has updated its relationship with Pakistan in dramatic fashion since September 11, to optimize the delivery of its services and products.

OPIC sees support of U.S. investment in Pakistan as a clear demonstration of America's long-term commitment to Pakistan's economic development, one that will endure beyond the current extraordinary circumstances.

"From OPIC's perspective, Pakistan's commitment to the war against terrorism becomes even more meaningful for ordinary Pakistanis when foreign direct investment supports the country's economic growth. OPIC, as the sole U.S. agency charged with helping American companies invest overseas, will work hard to enable U.S. investment to access the Pakistani market."

~Dr. Peter Watson, OPIC President and CEO
October 2001

Components Of The New Policy

The following are key components of OPIC's new approach to business with Pakistan, announced during an October 2001 visit to OPIC by Pakistan's finance minister, Shaukat Aziz:

- OPIC will offer Pakistan an immediate special line of credit of up to \$300 million to access OPIC insurance and finance products for investment in Pakistan.
- OPIC will extend political insurance and loans or guarantees to existing, U.S. business-sponsored projects facing loss of coverage or the inability to refinance existing, maturing debt as a consequence of the war on terrorism.
- OPIC will update its bilateral agreement with Pakistan to the highest level by adding a co-insurance provision, which would enable OPIC to work more closely with private insurers on the most developmental projects in Pakistan.

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- OPIC will participate in a new interagency task force on Pakistan, along with the U.S. Export Import Bank and the U.S. Trade and Development Agency, to develop these and other U.S. initiatives in the country.

OPIC activity in Pakistan

OPIC, which signed its first bilateral agreement with Pakistan in 1955 and updated it in 1997, seeks to provide assistance to investment projects in Pakistan through its insurance and finance programs.

Insurance Activities:

- Currently, OPIC is supporting two projects in Pakistan with political risk insurance: Abbott Laboratories, with \$5.5 million, and Align Technologies, with \$3.5 million.
- Historical insurance activity: OPIC has committed over \$650.0 million in political risk insurance support to 79 projects in Pakistan in the energy, financial services, other services, manufacturing, transportation, mining, agriculture and construction sectors.
- Prospective activity: OPIC has four active applications for political risk insurance in Pakistan, two in the energy sector, one in the information technology sector and one in the services sector.

Finance Activities:

- Currently, OPIC is not supporting any projects in Pakistan with financing. However, we are in the process of approving a loan in the amount of \$125-150 million to a company in the oil and gas sector.
- Historical finance activity: OPIC has committed a total of \$59.6 million in financing to seventeen projects in Pakistan in the manufacturing, agriculture and energy sectors.
- Prospective activity: OPIC is actively considering support for two projects in Pakistan in the information technology sector for a potential investment of \$4.5 million.

Investment Fund Activity

Of the two OPIC-supported investment funds still investing in the region, Aqua International Partners Fund and Global Environment Emerging Market Fund II, \$74 million of capital may be invested in Pakistan.