The United States Congress on November 19 reauthorized OPIC for four years, through September 30, 2007. The reauthorization process was completed following a voice vote today by the House of Representatives on S. 1824, which passed the Senate unanimously on November 14.

Besides providing long-term operating authority for the agency, the legislation provides the agency with enhancements to its political risk insurance program and authorizes a new local currency guaranty program. Congressional sponsors also commended OPIC for its new emphasis on small business and directed the agency to collect data on support provided to minority- and women-owned businesses.

“OPIC has been able to fulfill its mission not simply by mobilizing private sector investment, but in fact, *leading* the private sector into countries and regions that, but for OPIC support, would be unable to attract foreign investment...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, promoting growth and our national interest, while safeguarding the taxpayer.”

OPIC President & CEO Dr. Peter Watson
House International Relations Committee
June 10, 2003

“We at OPIC are extremely pleased that the U.S. Congress reauthorized the agency for four years,” said OPIC President and CEO Dr. Peter Watson. “We receive this good news as an expression of confidence by both houses of Congress in the new direction of the agency, specifically its focus on supporting U.S. small businesses, and our efforts to undertake those challenging projects that the private market is unable to.”

Dr. Watson expressed his gratitude to members of OPIC’s oversight committees, the Senate Committee on Foreign Relations and the House Committee on International Relations: “We are grateful to committee members for their bipartisan and comprehensive leadership in shepherding OPIC’s legislation through the reauthorization process. In particular, we appreciated their important contributions to OPIC’s authorizing statute, which, when implemented, will serve to enhance the agency’s efficiency.”
Overseas Private Investment Corporation
An Agency of the United States Government

MESSAGE FROM THE PRESIDENT

A major milestone was reached on November 19, when the House of Representatives passed, by voice vote, a bill to reauthorize OPIC programs through 2007. The action successfully concludes the most recent review of OPIC by the legislative branch.

When I addressed the House Committee on International Relations in June, I stated that I had hoped to use the reauthorization process to, "validate OPIC's new focus and its accomplishments. I have striven to keep promises that I have made to create a different kind of OPIC, dedicated to mobilizing capital for enduring developmental goals. As the Congress considers OPIC's specific proposals, I hope that this body will be mindful of the very real progress the agency has made in a very short time to meet compelling developmental and foreign policy priorities."

Subsequent, bipartisan congressional deliberations since my testimony have indeed ratified our new course and supported the agency's need for additional authorities to more effectively support U.S. private sector investment. The final legislation includes provisions requested by OPIC to clarify the definition of expropriation to explicitly include acts of an entity owned or controlled by a foreign government, and authorizes OPIC to provide guarantees in local currencies. A congressionally sponsored amendment will allow OPIC to collect data on the involvement of minority and women-owned business in OPIC projects, helping to improve our business outreach.

Congressional action on the OPIC bill serves to ratify guidance OPIC received from President Bush in the Administration's 2001 budget. In focusing since on OPIC's original development mandate, complementing the private sector, promoting priority regions and expanding opportunity for small business, OPIC has served important developmental and national security interests. This reauthorization provides an excellent platform for additional endeavors, and is a credit to OPIC and its talented and dedicated employees.

U.S. small business uses OPIC loan to establish flour mill in Estonia

A U.S. small business will use an OPIC loan to establish a state-of-the-art flour mill in rural Estonia, helping that country take advantage of new opportunities stemming from its entry into the European Union next year, OPIC President and CEO Dr. Peter Watson announced in November.

OPIC will provide a $9.4 million loan to Foodpro International, Inc. of San Jose, CA, for the establishment of a flour milling and mixing, and prepared dough products operation in Viljandi, Estonia. The facility will produce high-quality flour, ready-to-bake flour mixes, and frozen bakery products including pastries, breads, and pizzas. Grain for the operation will supplied by both U.S. and Estonian suppliers.

"Estonia's accession to the European Union in 2004 is likely to open up new markets for Estonian goods, making Estonian flour more price-competitive throughout the Baltic regional markets," Dr. Watson said. "OPIC is pleased to be able to work with a U.S. small business to help Estonia take advantage of this new opportunity."

FOR MORE INFORMATION:
Overseas Private Investment Corporation
1100 New York Avenue, NW
Washington, D.C. 20527
Tel: 202-336-8799
Website: www.opic.gov

To subscribe to OPIC News, please log onto OPIC's website and click on "subscribe" at the top of the page.

Inquiries concerning OPIC News content:
Timothy Harwood, editor tharw@opic.gov
Overseas Private Investment Corporation
An Agency of the United States Government

Latin America in focus:
OPIC, U.S. small businesses aid gold mine in Chile, emerald producer in Brazil

OPIC President and CEO Dr. Peter Watson announced in November that a U.S. small business will use an OPIC loan to establish an emerald mining, cutting and marketing project in Brazil, one of the first of its kind in that country.

OPIC will provide a $3.3 million loan to Brazilian Emeralds, Inc. of New York City to help fund emerald deposit commercialization, a local lapidary (cutting) operation and the wholesale marketing of cut stones through its office in New York. The company acquired nearly 1400 acres of property for the project, in one of the most productive mining areas in Brazil. Exploration of the area indicated to date the presence of nearly 10 million grams of emeralds, nearly half of which would be of gem quality, and reserves sufficient for at least 20 more years of mining.

The very fine quality emeralds generated by the project will be cut and polished mostly in the U.S. by selected cutters, who will also training Brazilian lapidary staff of the project company. Other emeralds, worth an estimated 70 to 80 percent of the company’s revenue, will be cut and polished at the project’s own plant in Brazil. All cut stones will be marketed and sold through in New York.

In a second project, another U.S. small business will use OPIC financing to reopen a gold mining and milling facility in Chile that suspended operations six years ago. OPIC will provide a $2.8 million loan to a subsidiary of South American Gold and Copper Company, whose president and CEO is a U.S. citizen, to reopen and operate the company's Pimenton gold mining and milling facility, approximately 112 miles northeast of Santiago.

Operation of the mine was suspended in 1997 following a severe El Niño winter and a drastic fall in metal prices. The mill and mine have been on standby since, with equipment in storage in the town of Los Andes. Under the company's development plan, the mine will start operations at 100 tons/day in 2004 and will gradually increase production to 200 tons/day in 2006.

OPIC conference to highlight eastern Europe

OPIC will host an conference in Bucharest, Romania, next March to highlight investment opportunities in eastern Europe for both U.S. and local companies looking to undertake joint ventures in the region and in new markets such as Afghanistan and Iraq.

The conference, Forging New Partnerships in Emerging Europe, will target opportunities in Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Poland, Romania, Serbia and Montenegro, Slovakia and Slovenia. Key sectors to be highlighted include information and communications technology, housing and tourism infrastructure, power and transportation. The conference will feature presentations by officials from each government, investment overviews from businesses, and one-on-one matchmaking meetings.

Also participating in the conference will be the Export-Import Bank of the United States, the U.S. Trade and Development Agency and the departments of Commerce and State. The Marriott Hotel in Bucharest will host the March 9-11 event.
OPIC issues call to manage $100 million investment fund for central & eastern Europe

OPIC has issued a call for proposals to manage a $100 million private equity investment fund intended to increase investments in businesses in central and eastern Europe, OPIC President and CEO Dr. Peter Watson announced in November.

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 in the region, including Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Former Yugoslav Republic of Macedonia, Poland, Romania, Serbia and Montenegro, 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.

Responses to the call for proposals will be assessed according to their credibility and investment strategy, track record of the prospective manager, and the manager’s ability to raise the targeted capital, among other criteria. OPIC has retained Cambridge Associates LLC, an independent investment consultant, to assist in recommending a manager.

UPCOMING EVENTS

December 8-10, 2003, Miami Beach, FL
27th Miami Conference on the Caribbean Asia: Strengthening the Third Border
www.claa.org

Insuring Export Credit Political Risk, 14th Annual Convention
Michael Lempres, Vice President of Insurance
www.ibc-financial.com/exportcredit

March 9-12, 2004, Paris, France
Latest Trends and Developments in Project Finance
Robert Drumheller, Vice President of Structured Finance
www.icbi-uk.com

March 2004, Bucharest, Romania
Investment Conference: Forging New Partnerships in Emerging Europe
Dr. Peter S. Watson, President and CEO
http://www.trademeetings.com