

Statement of
DR. PETER S. WATSON
PRESIDENT AND CHIEF EXECUTIVE OFFICER
OVERSEAS PRIVATE INVESTMENT CORPORATION

Before the
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS
UNITED STATES SENATE

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Chairman Shelby, Senator Sarbanes, and distinguished members of the committee. It is an honor to appear before you today to discuss our progress in implementing the recommendations of the President's National Export Strategy. As President Bush himself said last year, this report "sets the course for achieving a world class system of federal programs that are coordinated, leveraged and focused on the tools small and large companies need most to take advantage of emerging trade opportunities." I believe we have been faithful to the President's promise.

At the outset, please allow me to express OPIC's sincere appreciation for the leadership of Secretary of Commerce Don Evans, whose determined efforts and strategic vision have been key to marshaling the collective resources of our agencies to implement the Trade Promotion Coordinating Committee's (TPCC) worthy mandate.

Mr. Chairman, when I joined OPIC nearly two years ago, we set out to implement guidance from the President that would enable OPIC to do a better job of bringing the benefits of economic development to the neediest countries, that would foster increased cooperation with the private market to enhance investment resources, and that would focus on the needs of smaller U.S. businesses to pursue opportunities in the developing world.

Over these past two years, we have met this challenge. We have reformed for success, supporting critical developmental investments into chronically underserved regions. For instance, since October 2001, OPIC has supported nearly \$750 million in new projects in sub-Saharan Africa. We have created a new relationship with the private market whereby OPIC complements rather than competes with private financing and insurance, and in so doing, leverages resources that allow OPIC to cooperatively lead the private market into the least developed countries and underserved sectors.

We have also made a real commitment to small and medium sized businesses. In 2002, 67 percent of approved OPIC projects were for small- and medium-sized enterprises. Last year, we created the OPIC Small Business Center, specifically to meet the needs of companies with revenues of less than \$35 million. We have also streamlined our

approval process to provide small business users with a 60-day turnaround. As a result, OPIC is making it easier for small business to access OPIC programs and we are approving more small business projects.

To measure the developmental impact of these projects, OPIC has developed specific criteria for evaluating the development contribution of each of its projects. This new tool allows us to judge empirically the value of our commitments, as we make OPIC more relevant to its original development mission.

In sum, we have seen promises made and promises kept.

Similarly, our testimony here today confirms that during the past year, the TPCC has also made and kept promises. OPIC has been privileged to play a role in this process. Allow me to highlight some of these results.

Afghanistan

Over the past year, the TPCC has helped coordinate a comprehensive commercial strategy for rebuilding and revitalizing Afghanistan by harnessing the U.S. private sector. For its part, OPIC is pleased to have conducted the first joint investment mission to Afghanistan with our colleagues from the Trade and Development Agency (TDA) in May 2002.

We initially pledged a \$50 million line of credit for Afghanistan, and I am pleased to report that the agency is fulfilling this pledge. With \$35 million in OPIC financing and insurance, a consortium of U.S. sponsors will soon break ground on a five star international hotel in Kabul, managed by Hyatt International. The project will represent the largest single U.S. private investment in Afghanistan since the fall of the Taliban; indeed, the largest U.S. investment in a generation if not more. With additional projects in the pipeline, I was confident in raising our line of credit from \$50 million to \$100 million during President Karzai's recent visit to the U.S.

Pakistan

Additionally, OPIC has been active and successful in promoting private investment in Pakistan. As you will remember from last year, OPIC, the Export-Import Bank (Ex-Im) and TDA formed the first investment development mission to Pakistan in February 2002, with OPIC pledging a \$300 million line of credit. Since then, OPIC has supported nearly \$350 million in projects, including significant investments in financial services, power and information technology.

Inter-Agency Coordination

These types of initiatives find their genesis in better inter-agency coordination and OPIC has been working hard with its TPCC colleagues this past year to find innovative ways to leverage our resources and expertise.

In September 2002, I was privileged to conclude a Small Business Initiative with Small Business Administration (SBA) Administrator Hector Barreto, which will allow for greater cross-training and information sharing for our employees. I am also pleased we will soon have an SBA detailee as a full-time staff member in OPIC's Small Business Center.

Just last week, I was pleased to join with Maria Cino of the Department of Commerce Commercial Service to sign a Memorandum of Understanding (MOU) that commits our two organizations to greater cross-training and business lead development.

For the future, OPIC will be working to conclude an MOU with the Agency for International Development (USAID), which will provide greater coordination between our respective guaranty programs and leverage USAID's global presence with OPIC's 31 years of experience in promoting private sector development. All of these cooperative efforts make greater use of existing resources for the benefit of U.S. business and the American taxpayer.

Conferences

Getting the word out to the users of our services is another important part of our enhanced coordination. To that end, I'm pleased to mention several outreach efforts. In early May, leaders from Ex-Im, SBA, TDA and OPIC met in Arizona for a Trade and Investment Forum, targeting smaller businesses.

Last October, OPIC was joined by Ex-Im and TDA for a regional trade and investment conference in Peru that attracted more than 200 companies. In November, 50 companies participated in a U.S. Serbia Business Conference in conjunction with the Department of Commerce. With our TPCC partners, we are planning joint business development missions throughout Russia later this year.

The Future

Looking to the future, OPIC is strongly committed to building on the cooperation and results of the past year. As the Secretary has said, Iraq will clearly be a priority in the coming year. Once we have cleared sanctions and technical operating issues, OPIC is prepared to use its finance, political risk insurance and investment funds programs to support private sector investment, including liquidity for the financial sector and political risk insurance for businesses and contractors. We are uniquely suited as a risk mitigator to support the private sector in this endeavor.

Conclusion

This year, Congress will have the opportunity to review OPIC and its refocused agenda as it considers reauthorization of OPIC programs. The Administration has submitted a legislative request to Congress to reauthorize OPIC for four years and to update its statute by modernizing and improving OPIC to expand development and operate in today's changing global economy. Although not under the jurisdiction of this Committee, we look forward to working with many of you here in securing approval of this legislation before OPIC's current authority expires later this year.

In closing, I would like to thank the Committee for its support of the TPCC. OPIC will stay true to its promise to promote private investment in underserved countries and regions, while complementing the private sector to maximize our developmental impact. With a refocused mission and a track record of results, OPIC is a "partner of the willing" with our colleagues here today to provide the most effective investment promotion services for U.S. businesses and the American taxpayers.

Thank you, and I would be pleased to answer your questions.