

# BISNIS Bulletin



Facilitating Commercial Success  
in Eurasia

November 2003



## In this Issue

**Delivery Issues in  
Getting Goods to  
Russia**

**EBRD Agreement  
Signed**

**Armenia's Tourism  
Infrastructure**

**Sporting Goods  
Market in Russia**

**Russia's Accounting  
Reform Continues**

**SABIT 2004 Calendar  
Trade Events**

U.S. Department of Commerce  
International Trade Administration

## Focus: St. Petersburg Delivery Issues in Getting Goods to Russia

by Igor Yegorov

**F**ast and reliable delivery of products is essential in any business transaction. The multi-step process of delivery of goods to Russia is complicated by the recent market transition of the transportation infrastructure and services sector, which has led to a rapid increase in diverse, quality transportation. In St. Petersburg, which is one of Russia's main trade hubs, significant transportation-related businesses have developed over the last 10 years, including shipping line agents, customs brokers, freight forwarders and logistics companies, chartering firms and ship brokers, insurance agents, survey and consulting companies, warehouses, and so forth. Competition among such businesses has benefited exporters and importers, allowing a choice of the most efficient transportation partners. However, despite significant investment in port infrastructure undertaken in northwest Russia in the past five years, several factors continue to hinder expansion of Russian trade, including lagging improvements in rail and road links, limited warehousing capabilities, lack of rolling stock, and insufficient sea vessels.

The Russian government is aware of these challenges and has begun to lay the foundation for a massive upgrade of the transportation infrastructure. In addition, simplification of customs procedures, as well as efforts to conform to Western standards and WTO accession prerequisites, are expected to have a positive impact on Russian trade.

### Entry through Northwest Russia

Northwest Russia is a natural trade hub for Russia, because the region has road and rail links with Finland and the Baltic countries, as well as access to the Baltic, Barents, and White seas. Some 70 to 80 percent of Russian exports transit Northwest ports. More than 70 percent of Russia's international cargo (export and import) flows through St. Petersburg. Other Russian ports on the Baltic include Kaliningrad, Ust-Luga, Primorsk, Vyborg, and Vysotsk. According to *SeaNews*, freight volume handled at Russia's Baltic ports in 2002 was 67.9 million tons, up 21 million tons from 2001. The greater Port of St. Petersburg handled 41.3 million tons of cargo in 2002, followed by Primorsk (12 million tons of oil), Kaliningrad (9.9 million tons), Vysotsk (3.1 million tons), and Vyborg (1.3 million tons). However, even if the impressive plans to increase Russia's port capacity on the Baltic Sea to 190 million tons in the coming 10 years materialize, the throughput capacity of the railroads and highways, as well as the supporting infrastructure (cargo terminals, warehouses, railway stations, availability of

*continued on page 4*



*BISNIS Director Trevor Gunn and EBRD First Vice President Noreen Doyle sign MOU.*

## **BISNIS–EBRD Collaboration Strengthens**

In mid-September, BISNIS Director Trevor Gunn and the European Bank for Reconstruction and Development (EBRD) First Vice President, Noreen Doyle, signed a memorandum of understanding. BISNIS and the EBRD have agreed to work more closely together, including but not limited to supporting each other's projects and programs throughout Eurasia. Through its network, BISNIS will assist the EBRD in developing contacts with U.S. companies interested in the region. BISNIS also intends to promote the products and services of the EBRD through its own business development activities, such as seminars, newsletters, and conferences. Likewise, the EBRD will regularly update BISNIS on opportunities and developments regarding Eurasia. Additionally, the EBRD will review and assess project proposals sourced through BISNIS.

For additional information, contact Trevor Gunn, BISNIS director, at [trevor\\_gunn@ita.doc.gov](mailto:trevor_gunn@ita.doc.gov), or Alice Davenport, senior commercial officer, U.S. Commercial Service EBRD Liaison Office, [alice.davenport@mail.doc.gov](mailto:alice.davenport@mail.doc.gov).

# **BISNIS**

*Facilitating Commercial Success  
in Eurasia*

BISNIS is the U.S. government's primary market information center for U.S. companies exploring business opportunities in Eurasia. Operated by the Market Access and Compliance unit of the International Trade Administration, BISNIS disseminates information in print form, electronically, and through consultations by its staff of trade specialists.

For more information, contact:  
202-482-4655  
202-482-2293 (fax)  
[bisnis@ita.doc.gov](mailto:bisnis@ita.doc.gov)

To call BISNIS toll-free, dial 1-800-USA-TRADE (872-8723), press 4 and then press 7 or visit BISNIS Online at <http://bisnis.doc.gov> (English) [www.bisnis-eurasia.org](http://www.bisnis-eurasia.org) (Russian)

**DIRECTOR** Trevor Gunn  
[trevor\\_gunn@ita.doc.gov](mailto:trevor_gunn@ita.doc.gov)

**DEPUTY DIRECTOR** Tanya Shuster  
[tanya\\_shuster@ita.doc.gov](mailto:tanya_shuster@ita.doc.gov)

**MANAGING EDITOR** Melissa Walters  
[melissa\\_walters@ita.doc.gov](mailto:melissa_walters@ita.doc.gov)

**ASSISTANT EDITOR** Michael S Considine

**COPY EDITOR** William Corley

**CONTRIBUTORS** Eva Astakhova,  
Mher Avetyan, Oganeg Sarkisov,  
Greg Tarter, Igor Yegorov

*Articles by non-U.S. government employees express the views of the authors and should not be construed as a statement of U.S. government policy.*

ISSN 1544-1121

# Armenia's Tourism Infrastructure Development Expands

by Mher Avetyan

**A**rmenia offers significant opportunities for tourism infrastructure development. In recent years, Armenia has experienced substantial growth in the tourism industry. Armenia attracted more than 160,000 tourists in 2002, a 31.5-percent increase over the previous year. Road and railroad construction, airport development, and hotel and resort development are among the most promising areas for potential commercial activity and collaboration in this sector. Several tourism infrastructure development projects are already under way, presenting a variety of options for collaboration with U.S. companies.

## Hotel and Residential Construction

There are about 60 hotels in Armenia. Fifty-one percent of these are in Yerevan, and the second largest is in the Gegarkunik district around Lake Sevan. About 30 new or recently renovated hotels currently offer Western-style facilities and service. **Hotel Armenia, Ani Plaza, Hai Business Suites,** and Tufenkian Transcaucasus' two hotels are American-owned. Several hotel construction and renovation projects are described below.

*Hotel Armenia.* In 1998, Massachusetts-based **AK Development LLC** purchased an 80-percent share in Yerevan's flagship Hotel Armenia for \$8 million. The firm is currently investing \$37 million in rebuilding Hotel Armenia into a five-star hotel. **Marriott International Inc.** has been retained to manage the hotel and supervise the rehabilitation. Upon completion of the renovation works, expected in early 2004, Hotel Armenia will be branded as Armenia Marriott Hotel Yerevan. This project is a good opportunity for U.S. hotel equipment and construction materials suppliers.

*Tufenkian Transcaucasus Hotels.* Tufenkian Hospitality Ltd. plans to build six hotels throughout Armenia in Yerevan, Tsapatagh, Dzoraget, Yeghegnadzor, and Gyumri. Tufenkian Hospitality will finance the total project cost of \$11.5 million. Currently, the Armenian company is seeking U.S. wastewater, mechanical, and electrical equipment.

*Hovnanian International.* Hovnanian International LLC belongs to the **Hovnanian Group** (New Jersey) and is in the process of building a residential community in the outskirts of northern Yerevan. This \$25-million project includes construction of approximately 250 residences and time-share apartments along

with a golf course, tennis courts, and swimming pools.

Construction has begun, and \$5 million has already been invested. Most of the major infrastructure has been built, including the construction of several buildings and access roads and laying of communication cables. The remaining \$20 million will be used to construct the apartments and recreational facilities.

## Airport Expansion

There are 10 usable airports in Armenia. Besides regular flights to many cities in the region, including Moscow, weekly flights connect Armenia with Amsterdam, Athens, Frankfurt, Istanbul, London, Paris, and Vienna, among other foreign cities. The Armenian flag carrier, Armenian Airlines, has ceased most operations. Two new local airlines—Armavia, a Russian-Armenian joint venture, and Armenian International Airlines—have recently taken over routes formerly controlled by Armenian Airlines. Armavia in particular is looking to expand its flights to existing and new destinations and may seek to acquire additional aircraft.

Zvartnots International Airport, Armenia's main airport, is located 14 km from downtown Yerevan. In October 2001, management of Zvartnots was granted for 30 years to **American International Airports**, a U.S.-registered company (Delaware). The local entity, Armenian International Airport, has committed to investing \$59 million in the airport over the next eight years. Plans exist to build a new passenger terminal, to install modern navigation systems, and to redesign the current passenger terminal to include offices, hotels, trade pavilions, and restaurants. Following these improvements, passenger traffic is expected to increase from 800,000 to 1.4 million people during the first year following completion, and to as many as 3 million in the future. Total investment in the project may reach \$100 million.

## Road/Rail Improvements

The **Lincy Foundation** is providing \$140 million for infrastructure development in Armenia. Much of this money will be used for improving the road network and bringing it up to international standards. Road construction and modernization have already been implemented on major portions of the national roads. This project also includes construction of the Traceca corridor, providing transit from Iran to Georgia. Opportunities exist for contracting, subcontracting, and supplying equipment, materials, and technologies in support of this project.

## Resort Development

Several Armenian resort areas, including Tsakhkadzor, Lake Sevan, Dilijan, Lori, and Syunik, represent significant opportunities for U.S. investors. Tsakhkadzor is a mountain resort located

*continued on page 6*

*DELIVERY ISSUES continued from page 1*

rolling stock, tugboats, and so on) and equipment may still fall short of demand if urgent measures are not taken.

Choosing a route of shipment depends on where in Russia cargo needs to be delivered. Usually cargo from the United States is reloaded from an ocean vessel in one of the major European ports, and then it is shipped to northwest Russia's ports on smaller vessels. The container terminals of St. Petersburg are included in schedules of the major container lines, but only one container line offers direct service to the U.S. East Coast. Among the most important export products from the United States to Russia are food products, especially meat and poultry, but also some fruits and vegetables. U.S. companies also export oil and gas and medical equipment, construction materials, spare parts, and vehicles.

### **Transit**

Sea freight transit from the U.S. East Coast to St. Petersburg, Russia, takes 21 days on average, although it can vary between 15 to 31 days. If a U.S. exporter is located far away from the East Coast, then it may take 10 to 14 days for cargo to be shipped to a U.S. port and be loaded on an ocean vessel. Several freight forwarding companies specialize in shipments to Russia. These firms have the expertise and contacts to ensure timely delivery of cargo to almost any Eurasian destination. Nevertheless, some companies have more experience in handling particular types of cargo or dealing with certain industries. For additional information on freight forwarding companies, see <http://bisnis.doc.gov/bisnis/country/shipcos.htm>.

### **Customs Clearance**

Perhaps one of the leading factors behind diverting imported cargo to non-Russian ports is difficulty with customs clearance. All the required documents, invoices, certificates, and permits (depending on the type of cargo) should ideally be in order and ready before a shipment occurs. To expedite customs clearance, importers usually hire customs brokers. However, brokers cannot be held responsible for any delays at customs and resulting charges for storage, fees for use of containers, and so on. But, on the other hand, customs brokers have knowledge, systems, and connections to carry out customs clearance.

Streamlining and increasing transparency of the customs clearance process are the priorities of the new Russian customs code that was adopted in May 2003, and which will enter in force January 1, 2004. The new code outlines responsibilities of customs officials and make the clearance procedure more orderly. For example, the code stipulates responsibility of customs officials for timely processing of customs declarations

## **Russian Customs Pre-clearance Program**

The Transatlantic Streamline program aims to expedite cargo at the Port of St. Petersburg, Russia, which has been imported from the United States. Under the approval of the Russian government, customs duties may be collected, and documents, inspections and verifications performed in the United States and remitted for customs release prior to arrival in St. Petersburg. Under separate agreements between Russian Customs and the port, other benefits are being finalized including preferential berthing and advanced ordering and availability of rail cards.

**For further information, contact AmeRussia Shipping at (201) 438-1807 and (713) 880-1117 or by e-mail at [amerussia@carroll.com](mailto:amerussia@carroll.com) or [ani-hou@swbell.net](mailto:ani-hou@swbell.net).**

and establishes the time frame of three days for clearance of cargo. The importer will also be allowed to submit a declaration electronically when cargo leaves an exporting country. Initially, the option to file electronic declarations before actual arrival of cargo will be available only to importers with good reputations and experience, and to select customs brokers.

AmeRussia Shipping (see box) and the Russian Customs Committee launched an initiative to simplify and accelerate the customs clearance of cargo and support trade between the United States and Russia. The initiative, called Transatlantic Streamline, started in St. Petersburg in May 2003. Under customs order number 441, participants in Transatlantic Streamline will have their cargo pre-cleared and released within three hours after arrival. Eligibility for this program includes using AmeRussia for shipment and Interrus Customs to verify customs compliance before shipment from the United States, the collection of customs duties, and submission of customs clearance documents prior to arrival of the cargo in the Port of St. Petersburg.

*For a longer report on delivery issues to northwest Russia, see [www.bisnis.doc.gov/bisnis/country/0305shippingnwrussia.htm](http://www.bisnis.doc.gov/bisnis/country/0305shippingnwrussia.htm).*

*For more resources on customs clearance in Eurasia, see BISNIS' Customs Corner at [www.bisnis.doc.gov/bisnis/customs.cfm](http://www.bisnis.doc.gov/bisnis/customs.cfm).*

*Igor Yegorov is the BISNIS representative in northwest Russia.*

# Sporting Goods Market Soars in Russia

by Eva Astakhova

In recent years, Russia's sporting goods market has grown 20 to 30 percent per year. Industry experts report that the market is far from saturated, with growth expected in the coming years that presents great opportunities for U.S. manufacturers of sporting goods.

The Russian sporting goods market began expanding significantly at the end of 1990s, when the market grew 6 to 8 percent. Since that time, the market has continued to favor industry players as healthy lifestyles have gained popularity, along with the growth of individual sports, such as tennis, downhill skiing, roller-skating, and biking. Sports infrastructure rapidly developed, and a number of fitness clubs, tennis courts, ice skating rinks, skiing resorts, and other sports facilities opened in the late 1990s. As a result, the sporting goods market grew very fast, with the growth rate reaching about 30 percent in 2001. According to industry leaders, in 2002, the sporting goods market grew by about 25 percent in value, but only about 10 percent in volume. This is due to the increased sales of expensive clothes and equipment, a trend that is expected to continue in 2003.

## Sportswear and Equipment Sales

Despite the fact that, currently, only 10 percent of Russians are actively involved in sports activities, compared with 40 percent in the United States and 60 percent in Germany, the market for sports clothing in Russia is increasing rapidly, as many consumers are buying sportswear for everyday use. This trend is just starting to pick up in Russia, and it is expected to follow the example of the United States and Europe. Because of this tendency, sportswear stores are able to increase their sales volumes by 20 to 30 percent a year (in many sporting goods stores, sales of sportswear account for around 50 percent of total sales). For example, the **Columbia** trademark set a record by increasing its sales volume in Russia by 50 percent in 2001. The most popular sports activity in Russia is soccer, followed by basketball and volleyball. Tennis and roller-skating have also quickly gained popularity in Russia. In the last couple of years, downhill skiing and mountain biking have become more popular. In the last two years, demand for bicycles in St. Petersburg grew by 15 to 20 percent annually. This trend is expected to continue in the next two to three years.

## Competition

Depending on the product category, imported products account for 40 to 65 percent of the total sporting goods market in Russia. In general, Russian-made products are of lower quality, compared with their foreign counterparts; their main advantage is their lower prices. Russian sporting goods manufacturers are usually small companies with small production volumes, compared with their competitors from the United States and Europe. However, some Russian companies are very successful. In St. Petersburg, for example, a leading sports clothing manufacturer, Aiceberg, has been successful in the market for more than 10 years.

## Major Market Trends

Moscow and St. Petersburg account for more than 50 percent of total sporting goods sales in Russia, and there is a definite trend toward market concentration in these two cities. Currently, there are about 900 sporting goods stores in Moscow, but fewer than 10 big market players. Moscow's market is highly influenced by six major companies, which have built multi-brand chains with four to eight stores each. These six companies control about 50 percent of the sporting goods market in Moscow.

The St. Petersburg market is becoming similar to Moscow, where existing sporting goods chains are aggressively increasing their market shares. Small individual stores are being pushed out, and they either have to leave the market or slowly turn into so-called boutiques, which market themselves to a narrow audience of consumers with high incomes. Currently there are 185 sporting goods stores in St. Petersburg. About 15 percent of the market belongs to large, multi-branded chain stores. The rest is shared between small individual stores, mono-branded international chains (**Reebok**, **Nike**, **Adidas**, and **Puma**), and stores left over from old Soviet-style chains. The chains, Sportivnyi on Liteinyi (SL) and Moscow's Sportmaster are among the most significant. At present, the SL chain has six stores in St. Petersburg and plans to continue its expansion. Sportmaster plans to open seven stores in St. Petersburg by the end of 2003. In Russia, the company has 28 stores and captures nearly half of the total Russian sporting goods market.

## Market Segment Expansion

Until recently, most legitimate market players did not compete in the low-income market segment; they concentrated on the middle class. Currently, expansion into the low-income segment is on the agenda of many sporting goods companies. Sporting goods stores are also expanding into the middle-plus and premium segments, as more expensive sports, such as diving, mountain biking, downhill skiing, and snowboarding, are

*continued on page 6*

ARMENIA'S TOURISM *continued from page 3*

50 km from Yerevan. Several hotels have recently been constructed to accommodate growing demand. Opportunities exist for developing new two- and four- star hotel facilities. Lake Sevan is located 60 km from Yerevan. Several hotels have been constructed there recently, and some old hotels have also been repaired and upgraded. Opportunities exist for developing new average to high quality hotels. Dilijan is located 110 km from Yerevan. It still has several major hotel and resort facilities dating from the Soviet era. Opportunities exist for new modern, high-standard hotels, restaurants, and resort centers. Equipment for the upgrade and repair of existing facilities is also needed. Lori Province includes the city of Vanadzor, the third-largest city in Armenia. Tourism infrastructure is underdeveloped in this area, which included only a few old hotels and resort facilities. Two hotels have been developed recently, and Tufenkian is building a hotel in Dzoraget. Lori remains one of the main destinations for many tours in Armenia. Opportunities exist for building restaurants and cafes near sites of interest in Lori. The Syunik region, farthest from Yerevan, has an underdeveloped tourism infrastructure. Opportunities exist for adventure tour developers in the near term and hotel and restaurant construction in the future.

### Market Access

Projects funded by the Armenian government are likely to be implemented by local companies, but U.S. companies may pursue subcontract, technology transfer, supply, and management contract opportunities. U.S. companies have excellent opportunities for implementing projects funded by international financial institutions and private investors. Armenia currently has a few generalized investment incentive programs, including tax holidays for foreign investments over \$1 million, no duties on statutory capital and raw materials, no barriers to entry on investment, and a five-year protection clause in the law on foreign investment.

*For a more detailed report on tourism infrastructure development in Armenia, see [www.bisnis.doc.gov/armenia](http://www.bisnis.doc.gov/armenia).*

*Mher Avetyan was a commercial specialist for the U.S. Commercial Service in Armenia.*

### Intersport 2004

Sporting Goods Exhibition  
February 26–29, 2004  
St. Petersburg, Russia

For more information visit [www.lenexpo.ru](http://www.lenexpo.ru) or email [lenexpo@mail.lenexpo.ru](mailto:lenexpo@mail.lenexpo.ru).

### U.S. Department of Commerce's Special American Business Internship Training SABIT 2004 Specialized Program Calendar

<b>Association Development:</b>	<b>Russian Hospitality Franchising</b>
Program dates:	April 17–May 15, 2004
Application deadline:	December 5, 2003
<b>Infrastructure:</b>	<b>Ports</b>
Program dates:	May 15–June 19, 2004
Application deadline:	December 26, 2003
<b>Standards:</b>	<b>Building Construction</b>
Program dates:	May 22–June 26, 2004
Application deadline:	January 20, 2004
<b>Regional:</b>	<b>Russian Far East Timber</b>
Program dates:	June 19–July 17, 2004
Application deadline:	February 13, 2004
<b>Infrastructure:</b>	<b>Airports</b>
Program dates:	August 7–September 4, 2004
Application deadline:	April 5, 2004
<b>Standards:</b>	<b>Information Technology</b>
Program dates:	August 21–September 18, 2004
Application deadline:	April 19, 2004
<b>Association Development:</b>	<b>Finance in the Central Asian Republics</b>
Program dates:	September 11–October 9, 2004
Application deadline:	May 14, 2004
<b>Regional:</b>	<b>Mining in the Central Asian Republics</b>
Program dates:	September 18–October 16, 2004
Application deadline:	May 14, 2004

For more information, visit [www.sabitprogram.org](http://www.sabitprogram.org).

SPORTING GOODS MARKET *continued from page 5*

becoming popular. To supply this new market demand, small sporting goods stores, or boutiques, are a growing category. These stores specialize in particular sports activities, such as diving, fishing with advanced equipment, downhill skiing, and tennis. They provide top-notch service to their clients. Client loyalty is typical for boutiques, where people come not only for the most fashionable and high quality products, but also for a club atmosphere and additional services. St. Petersburg's Sportburg is a good example of this new type of store. Sportburg also boasts the only computer diagnostics center for tennis rackets in St. Petersburg. Simultaneously expanding into the premium and low-income segments, sporting goods stores will maintain high growth in the coming years, and they will present great opportunities for U.S. manufacturers of sporting goods.

*For a more detailed report on the sporting goods sector in Russia, see [www.bisnis.doc.gov/bisnis/bisd0c/0307sportstpete.htm](http://www.bisnis.doc.gov/bisnis/bisd0c/0307sportstpete.htm).*

*Eva Astakhova is a commercial assistant for the U.S. Commercial Service, St. Petersburg, Russia.*

# Russia's Accounting Reform Continues

by Greg Tarter and Oganis Sarkisov

**T**he Russian business community has increasingly come to recognize the importance of detailed and reliable financial information being available to existing shareholders and potential investors. Most large Russian companies voluntarily prepare and publish accounts under International Accounting Standards (IAS) or U.S. Generally Accepted Accounting Practices in addition to Russian Statutory Accounts, which while required under Russian regulations are perceived as incomplete and often distorting. The government of Russia began the transition to IAS in 1998. It is important for U.S. companies to track and understand Russia's transition to IAS and how this may affect their business.

## Transition Progress

Transition to IAS has not been easy for Russia. After making little progress in this respect, Prime Minister Kasyanov recently signed an order to prepare special recommendations for businesses on IAS implementation. Vladimir Samoylenko of the International Tax and Investment Center ([www.iticnet.org](http://www.iticnet.org)) points to this order as evidence the government is now serious about achieving complete implementation of IAS.

Since early 2003, the Russian government has worked on a draft law referred to as "the Concept" (Russian language version available at [www.economy.gov.ru](http://www.economy.gov.ru)), which sets a timeline for adoption of IAS. Starting in 2004, all Russian banks and publicly traded companies will be required to prepare financial reports in accordance with the new IAS principles. In 2005, this requirement will be applied to consolidated group accounts of other holding companies and in 2007 to other businesses with the possible exception of small private companies. Although local observers have described these plans as a vital step, many doubt the readiness of the majority of Russian banks, which are far less prepared for the changes, both in terms of human resources and technologies, to successfully implement IAS on or before the stipulated deadline.

## Obstacles to IAS

Despite Russia's commitment to IAS, there are at least still two significant obstacles to the transition. While legislation calling for IAS is a first step, accountants and managers must follow it through with proper implementation and usage on the ground. This requires not just extensive training of accountants but also Russian-language certification.

While more than 100 of the largest Russian banks currently prepare their financial reports in accordance with IAS, more than 1,600 banks in the country need to urgently solve the problem of reorientating their reporting to IAS through updating their banking technologies and organizing extensive training programs for their accountants. This situation creates opportunities for companies to provide training and system enhancements to accounting staff of Russian banks, as well as for external auditors who would be asked by these banks to prepare financial statements using IAS.

The U.S. Agency for International Development ([www.usaid.gov](http://www.usaid.gov)) has contracted the **CARANA Corporation** ([www.carana.com](http://www.carana.com)) to assist with the transition. CARANA has worked in Samara, Velikii Novgorod, and Tomsk to promote professional accountant association development, to disseminate information about IAS through workshops and seminars, and in Tomsk specifically, to educate accounting trainers in IAS and provide direct assistance to local enterprises in the conversion of their financial reports. Bob Otto, executive vice president of CARANA, observed that accountants and managers have been very receptive to IAS and that there is "a lot of demand for IAS on the professional level for people to get training and certification."

Only recently has proper Russian-language certification in IAS been available. Thus, in order for accountants to become certified in IAS they needed to not only learn the new standards, but also to learn them in English. Some small steps have been made to bring about certification tests in Russian. In September 2003, the U.K.-based International Association of Bookkeepers launched the first Russian-language certification test. Meanwhile, USAID has financed a program in Central Asia for certifying international accountants in the Russian language, and CARANA has seen some positive results from applying that certification model in Russia. However, it will take several more years before that certification test is finished and useable.

## Pressing Ahead

Until Russia fully implements IAS, U.S. firms will have little choice but to deal with the dual accounting system. Donald Beskine, CEO of the International Centre for Accounting Reform ([www.icar.ru](http://www.icar.ru)) suggests, "The best thing for foreign businesses to do is to participate in technical groups that support the movement to IAS and use dual-accounting software." Ultimately, IAS will become the only standard in Russia.

*For additional information on accounting reform in Russia, see BISNIS Bulletin articles from February 2001 ([www.bisnis.doc.gov/bisnis/bulletin/2-01bull5.htm](http://www.bisnis.doc.gov/bisnis/bulletin/2-01bull5.htm)) and February 1999 ([www.bisnis.doc.gov/bisnis/bulletin/9902icar.htm](http://www.bisnis.doc.gov/bisnis/bulletin/9902icar.htm)).*

*Greg Tarter was an intern for BISNIS in Washington, D.C. Oganis Sarkisov is a commercial assistant for the U.S. Commercial Service in Moscow.*

Sender: **BISNIS**  
**USA Trade Center**  
**U.S. Department of Commerce**  
Stop R-BISNIS  
1401 Constitution Ave., NW  
Washington, DC 20230

FIRST-CLASS MAIL  
PRE-SORTED  
POSTAGE & FEES PAID  
ITA/DOC  
PERMIT No. G-54

OFFICIAL BUSINESS  
Penalty for Private Use: \$300

## Trade Events Calendar

<b>Packing Equipment and Materials</b> Organizer: Web site:	<b>January 27–30, 2004</b> Lenexpo <a href="http://www.lenexpo.ru">www.lenexpo.ru</a>	<b>St. Petersburg</b>
<b>Intourfest 2004 (tourism)</b> Organizer: Web site:	<b>February 2, 2004</b> Restec <a href="http://www.restec.ru">www.restec.ru</a>	<b>Moscow</b>
<b>Building Week Ukraine 2004</b> Organizer: Web site:	<b>February 10–13, 2004</b> ITE Group Plc <a href="http://www.buildingshows.com">www.buildingshows.com</a>	<b>Kiev</b>
<b>Event: Advertising &amp; Media</b> Organizer: Web site:	<b>February 10–13, 2004</b> Perm Yarmarka <a href="http://www.fair.perm.ru">www.fair.perm.ru</a>	<b>Perm</b>
<b>Fidexpo 2004 (furniture and interiors)</b> Organizer: Web site:	<b>February 11–15, 2004</b> Restec <a href="http://www.restec.ru">www.restec.ru</a>	<b>St. Petersburg</b>

## GOST-R Seminar on Russian Standards

January 23, 2004  
Washington, D.C.

Organized by Russian Standard Ltd. and sponsored by the Trade Representation of the Russian Federation in the USA and Rostest of Gosstandart, Russia.

Top experts of the Russian State Committee for Standardization and Metrology (Gosstandart) will advise U.S. exporters on current Russian certification regulations. Topics to be discussed include the Gosstandart system; relevant Russian laws and technical regulations; certification options; certification within various industry sectors (manufactured consumer and commercial goods, industrial products and equipment, foodstuffs and food raw materials); certification of services; certification of quality systems; Russian Health Ministry certifies; customs regulations; and more.

**For more information, visit**  
[www.rosstandard.com/seminar.htm](http://www.rosstandard.com/seminar.htm).