

Quarterly Newsletter of the SABIT Training Program



SABIT Exchange



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www.mac.doc.gov/sabit

2003 Grant Awards Decisions for the 2003 Grants Program will be released shortly.

Questions About SABIT Funding Opportunities? Submit questions to a SABIT representative via e-mail.

SABIT Group Program Find out more about these industry-specific training programs.

Generating Results for Host Organizations Read how organizations have used SABIT funding to get results.

Upcoming Programs

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- Mining and Tailings Cleanup

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Training at Home and Abroad for Global Business Success

Peter R. Gourlay, Adapted from *Manufacturing Today* March / April 2003

Corporations, universities and the U.S. government have a stake in the global training arena as a way to promote U.S. technology and management practices overseas. Accordingly, they use training to develop relationships with foreign governments and business leaders. The Europeans and Japanese are not competitive with American firms when it comes to willingness to invest in foreign national training and provide technology transfer to foreign countries. A variety of American organizations have realized this and have been strategically positioning U.S. overseas commercial interests through training and business exchanges while the window of opportunity exists.

American firms routinely host overseas visitors to familiarize them with their business and operating procedures. Sometimes these visits become long-term exchanges or fellowships allowing American firms to build bonds of friendship and trust with key decision makers from overseas. "Training is a perfect vehicle to develop relationships that benefit our overseas business partners and our U.S. small-



Companies such as Imalux Corporation of Cleveland, Ohio have realized the value of training in developing international business relationships. The cancer screening technology above was developed by a joint U.S.-Russian team that includes two SABIT trainees.

and medium-sized firms," says Liesel Duhon, Director of the U.S. Commerce Department's Special American Business Internship Training Program (SABIT). The SABIT program is one of several government training programs targeting regions that can benefit from U.S. technology and management expertise, while also providing opportunities for U.S. commercial interests.

The SABIT program targets the Newly Independent States (NIS) of the former Soviet Union. It facilitates business exchanges and training for *[Continued on page 3]*

SABIT Success Story

Syntroleum and Yakutgazprom Agree to Pursue GTL Plant in Republic of Sakha

In 2002, Syntroleum Corporation hosted a SABIT training session focusing on gas pipelines. The General Director of Yakutgazprom, Igor Kornev (1997, Russian Far East Oil and Gas), and his colleague Konstantin Pavlenishvili (2002, Gas Pipelines) are both former participants in the SABIT Energy Program and played key roles in signing this deal.

Syntroleum Corporation and Joint-Stock Company "Yakutgazprom" announced today the signing of an agreement to conduct a feasibility study for building a gas-to-liquids (GTL) plant near the city of Yakutsk in the Republic of Sakha, Russian Federation. *[Continued on page 2]*



Ukrainian Entrepreneurs Tour San Benito County, California

Linda Lee King, Article Appeared in the *Hollister Freelance*, May 09, 2003

Chocolate-covered strawberries, pralines and other chocolate delights were offered to a group of businesspeople from Ukraine who toured local confectioneries to get a taste of American entrepreneurship. *[Continued on page 3]*



Even during a power outage, Brad Van Dam, right, continues his tour and lets Ukrainian confectioners sample chocolate-covered blueberries at DeBrito's Chocolate Factory.

**SABIT Exchange
About**

SABIT Exchange is published quarterly by the Special American Business Internship Training Program (SABIT). SABIT is a U.S. Department of Commerce training initiative focusing on Eurasia that offers U.S. organizations competitive grants and an opportunity to host industry-specific delegations.

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Impact



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- More than 1,000 organizations have trained over 2,500 Eurasian managers and scientists.
- SABIT has facilitated \$240 million in export revenues and overseas investment since 1990.

Click here for specific examples of how SABIT facilitates success in Eurasia

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.

AEA Welcomes Russian Aviation Delegates

The New England Air Museum, which houses an extensive exhibit on the life and aircraft of Igor Sikorsky, provided the perfect backdrop for a technology commercialization seminar for Russian aviation delegates. Hosted by the Aircraft Electronics Association (AEA) and the SABIT Program, the day-long avionics seminar gathered repair station and



The AEA, which has a strong European presence, will build on the relationships formed through SABIT to expand membership into the Russian aviation community.

manufacturer representatives to discuss business processes and prospects in the ever-emerging field of avionics.

Syntroleum *[Continued from page 1]*

Syntroleum licenses its technology for making synthetic fuels to oil and gas companies with international interests and operations. Its technologies reduce both the capital cost and the minimum economical size of a Gas-to-Liquids plant.

Large mining, logging and other industrial activities, along with a population of over 220,000 people in this central region, produce the demand for diesel fuel that would be provided by the proposed GTL plant.

The study will address technical and economic issues in connection with building a 13,000-barrel per day synthetic liquid fuels plant. The plant would convert up to 1.3 billion cubic meters per year of natural gas (approximately 130 million standard cubic feet per day [MMScf/D]) into a low viscosity arctic -grade diesel fuel and other fuels meeting Russian standards. The pipelines owned by Yakutgazprom that currently serve Yakutsk would supply additional natural gas from operating fields to feed the GTL plant. Production from the plant would replace diesel fuel that is now being barged 2,500 kilometers down the Lena River from the Angarsk refinery in Irkutsk during three months of the summer. Deliveries are not possible during the remainder of the year due to the river being frozen. As

The SABIT Program has provided technical assistance and training to managers and scientists from the former Soviet Union since 1992. In addition to assisting economic restructuring in Eurasia, the program also provides an excellent opportunity for U.S. companies to develop strategic contacts and introduce their goods and services to key decision makers in Eurasian markets

The group of fifteen delegates received business plan and cross-cultural training upon its arrival to the United States and then began its tour with a visit to Seattle, Washington and Boeing's manufacturing facility. Midway through the group's four-week orientation on the American aviation industry and commercialization practices, the delegation was greeted by the Aircraft Electronics Association and several representative companies. The avionics tract provided a snapshot of the burgeoning industry and proved educational and informative for the visitors.

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This article is continued on the SABIT Program website. Click here for the continuation >>

a result, the cost of purchasing, delivering and storing this fuel is very high, even in a price subsidized market. Because the natural gas supplies supporting this project are fully by the regional government, they can be produced and delivered to the project at minimum cost. Production of fuel in this manner will reduce the Republic of Sakha's external balance of payments significantly.

Moscow-based Intertekh-Electro Group, a major engineering and construction firm, is being retained to help with estimates on installation costs and Russian content for the project. The feasibility study is due to be completed in approximately four months and is being paid for by Yakutgazprom.

"We are very hopeful of moving forward with this project," stated Mr. Igor A. Kornev, General Director of Yakutgazprom. "Not only will the project provide economic benefits to our region, it will mitigate the logistical difficulties and expense of having to import and store large quantities of fuel to sustain our internal requirements."

Click here for continuation

The full text of this press release is available on the SABIT Program website. Click here to go to the release and to find out more about the SABIT Energy Program >>

Training [Continued from page 1]

mid-to senior-level managers, scientists and engineers from the NIS, and arranges internships with businesses and organizations throughout the United States. The internships provide training and exposure to Western management concepts and market-based economic fundamentals that are crucial to strengthening economic growth and attracting foreign investment. "Participating companies get a great benefit from the SABIT Program," Duhon says. "American auto distributors, construction firms and diagnostics firms are some of the recent participants who have benefited from SABIT."

Duhon adds that U.S. companies participating in SABIT recognize the opportunity to network with overseas contacts, and expose them to their products and services. While participating in the SABIT Grant Program in 2000, Sergey Gorban from the Ukraine met with UltraDent Inc., a Chicago dental materials and equipment company. As a result of the business exchange, Gorban was made the exclusive distributor of UltraDent's products in Ukraine. Since then, more than \$100,000 of dental materials and equipment has been sold in the Ukraine through Gorban's company "Kristar." There are also plans to open a training center in Kiev for customers.

Since its inception, SABIT has facilitated more than \$240 million in trade between the United States and the countries of the former Soviet Union. Once the training is complete, the participating firms have an ally in a target country that can help them handle internal customs issues, develop a market strategy, and connect with key contacts. "Approximately 60 to 70 percent of our alumni have helped U.S.



As part of a recent Group Program focusing on Wastewater, delegates tour the facilities of Earth Tech, a global provider of engineering, architecture, construction, environmental, infrastructure development, and facility operation services.

firms in dealing with local customs, market development, and contacts in their home countries," Duhon notes.

As U.S. corporations tap government and business school training programs abroad, America continues to provide developing countries with the expertise they seek. This helps create long-term partnerships with foreign governments and business. It creates a positive reflection of U.S. companies and business schools in regions of the world of critical importance to U.S. strategic interests.

While the commercial benefits of training are obvious to those involved in the effort, America's image can be greatly enhanced around the world as others see how the United States shares its wealth and expertise. Training helps to break down barriers, creates a better understanding of culture and builds friendships that endure beyond the business venture itself.

Peter R. Gourlay is Vice President of the World Trade Center Institute. The full text of this article is available by clicking here.

Ukrainian Entrepreneurs

Hosted by Agland Investment Services, Inc. for the U.S. Department of Commerce's Special American Business Internship Training Program, the visitors came to America to learn about innovative technologies and marketing concepts and to familiarize themselves with a U.S. industry sector and its regulations.

Eighteen people in the candy-making business came to America for this four-week training program. Interpreter Chris Brown said the group is touring the San Francisco Bay Area and will attend a Trade Expo in Chicago to see what American manufacturing equipment is



A Ukrainian entrepreneur eyes strawberries dipped in chocolate. The confectionary program is part of SABIT's technical assistance efforts to develop the food processing and packaging industry across Eurasia.

like before moving on to Philadelphia and Washington, D.C.

Click here for continuation

This article is continued on the SABIT Program website. Click here to go to the full text >>

SABIT Success Story

Astronautics to Equip Fleet with Electronic Flight Bags

Since 1994, Astronautics has participated in six grant rounds and has hosted nineteen trainees. Astronautics' participation in the Grants Program has allowed the organization to significantly expand its joint engineering development and software verification venture with the St. Petersburg-based firm AKE. The following release details a successful cooperative project in which SABIT trainees have played a vital role.

March, 2003 - Astronautics Corporation of America was awarded a contract from Boeing Commercial Aviation Services' Crew Information Services (CIS) group for the Electronic Flight Bag/Pilot Information Display which will be installed on board KLM Royal Dutch Airlines' new fleet of Boeing 777s, making the Netherlands-based carrier the launch customer for this revolutionary technology.

KLM will use the Astronautics Class 3 version of the Electronic Flight Bag with applications provided by Jeppesen and Astronautics. KLM will be able to use its Class 3 certified EFB system under new guidelines from the U.S. Federal Aviation Administration during all phases of flight.

The Electronic Flight Bag can contain all documentation and forms carried by pilots -- aeronautical charts, manuals for fault reporting and operations, minimum equipment lists and log-books -- in digital format at the crew's fingertips. In addition, the Electronic Flight Bag can enhance runway awareness as it integrates technology with airport taxi charts to show flight crews exactly where they are on the tarmac. It gives flight crews a viewer for surveillance systems, helping them meet new regulatory requirements and security recommendations.

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Alumni News

Babur Beknazov (1995, *Grant Program*) and Louis Dreyfus Inc. founded a joint venture import-export company called Uzmarketimpex to export Uzbek cotton to the United States.

Abdufarit Suvanov (1997, *Telecommunications Standards*) recently received a position at the Ministry of Communications of Uzbekistan. He is currently involved in implementing a countrywide telecommunications licensing and certification system.

Begmurad Hozamukhamedov (1999, *Environmental Technologies Water Cleanup*) was appointed Deputy Mayor of Ashgabat, Turkmenistan.

Mavjuda Usmanova (2001, *Association Development*) became a member of the Board of Trustees for the Uzbekistan Women's Business Association.

Ruben Shahamuradyan (2001, *Grants Program*) purchased \$10,000 worth of tile adhesive from Bethany, Connecticut-based Laticrete International, Inc. He is also the distributor for their products in Armenia.

Yaroslav Penishkevich (2001, *Grants Program*), who heads the Division of Registration and Certification of Medical Equipment and Medical Use Products of the Ministry of Health of Ukraine, was involved in the passage of a legislative order concerning the registration of medical use products (Order Number 220, September 19, 2001). The law simplifies the process for companies to gain registration certificates in order to sell their products in Ukraine.

Bolat Akburanov (2002, *Grant Program*) was promoted to Director of the Exploration Department at KazTransOil. Ten SABIT alumni currently hold senior level positions at KazTransOil.

Arkansas Occupational Health Clinic to Train Russian Doctors

Erin Crouch, International Trade Specialist

Arkansas Occupational Health Clinic (AOHC) provides occupational health services in Lowell, Arkansas. In 2003, AOHC hosted two health care managers from Volgograd, Russia for three months. The interns received practical training in American business practices and applications in the occupational health care industry.

Following are edited excerpts from International Trade Specialist Erin Crouch's recent interview with Gary L. Moffitt, M.D. and Michiele Schrieber.

Q: Where did AOHC hear about SABIT?

A: We heard about SABIT from Angelina Levitskaya, a Community Development Specialist at the University of Arkansas for Medical Sciences (UAMS) in Little Rock, Arkansas. Over the past three years, our clinic has been involved in quite a bit of activity in Russia. Dr. Moffitt has been to Russia eight times in the past three years. He is currently working with the Volgograd Medical Academy as well as the Moscow State Medical Academy's Family Practice Program and is also an investor in a family practice clinic in Volgograd. The clinic is being remodeled at this time and is not seeing patients, but it will start seeing patients this fall. The concept of medical management is quite different in Russia, and there is a lot of interest regarding the American model. Because of this, our clinic decided that we would help educate those Russians interested in learning about the subject.

Q: What benefits do you feel AOHC derived from participation? Do you intend to further develop the relationships that you have formed with the interns?

A: The benefits are many. From what we can tell so far, doing business in Russia is not for the faint-hearted. There is a great deal of bureaucracy and to a certain extent a different mind-set. After having spent a significant amount of time with the trainees, we feel we are starting to understand this concept better. One of our trainees, Dr. Konstantin Karaduta, is the director of a specialty hospital in Volzhsky, and he deals with medical management on a day-to-day basis. Many long discussions have transpired between Dr. Moffitt and Dr. Karaduta that have been very helpful in the understanding of how business is done in Russia.



Russia's transition to a market economy requires an overhaul of the national health care sector. Growing demand for fee-based medical services has spurred investment in private medical institutions.

One of the activities of our clinic is conducting research. Dr. Karaduta, Dr. Moffitt, and Dr. Konstantin Berestnev, who is also a physician at our clinic, are hoping to do a research project that would compare Russian and American skin testing methods for tuberculosis. Dr. Berestnev has written up the details of this research project, and we hope to get it started in the next few months. Regarding our other trainee Dr. Pavel Loginov, Dr. Moffitt is in negotiations with the Moscow Medical Academy to potentially open a clinic in Moscow that Dr. Loginov would head.

Q: What projects, if any, have developed as a result of this grant? Can you provide a specific example of the impact your organization's work has on Dr. Karaduta's and Dr. Loginov's home hospitals?

A: There is a probable joint tuberculosis research project that will come out of this experience. The incidence of tuberculosis in the United States is 5.7 per 100,000 with almost no mortality. Russia is experiencing an incident rate of over 120 per 100,000 with a mortality rate of over 20. At his clinic in Russia, Dr. Karaduta has been successful in reducing his incidents down to 75 per 100,000. However, the need for further progress is evident. Dr. Moffitt and Dr. Karaduta were both involved in an international tuberculosis conference last year in Volgograd, and it is expected that there may be more of these conferences in the future. We have worked very hard to help our trainees understand the concepts of profit and loss, cash flow statements, balance sheets, as well as how accounts payable, accounts receivable, and other very basic accounting concepts are handled. One of the things we also do in our clinic as physicians is give quite a few talks to local businesses for educational purposes. Dr. Karaduta has been very involved in these, and he plans to implement this concept at his hospital.

SABIT Nears \$250m in Exports**Tanner Johnson,
International Trade Specialist**

SABIT is rapidly approaching \$250 million in exports facilitated as a result of the relationships formed through its industry-specific and grants programs. Although SABIT is primarily a technical assistance program, the majority of alumni maintain commercial relationships with U.S. host companies upon completion of their training. Approximately 70 percent of SABIT's alumni have helped hosts with local customs, market development, and contacts in their home countries.

The Russian American joint venture Electroavtomatika, which is a development partnership between Astronautics Corporation of America and the Experimental Design Bureau of St. Petersburg, Russia, is a good example of a successful collaboration facilitated by participation in SABIT. Astronautics recently announced the receipt of a contract from Boeing for the installation of electronic flight bags on a shipment of airplanes headed for KLM Royal Dutch Airlines. This avionics technology was developed as a direct result of Astronautics' participation in the SABIT Grant Program, which allowed them to train their joint venture partners in the United States. More information on this partnership is featured on page 3.

As SABIT looks towards the \$250 million figure, we would also like to hear from other successful past participants who have maintained relationships with trainees from either the Grants or Group Programs.

Submit a Success Story

Click here if you would like to share a success story. Success stories may include pending transactions, export or import of products, regional expansion, production partnerships, joint ventures, distribution agreements, research and development partnerships, and contractual arrangements with trainees >>

Waukesha Sets Sights on RFE Contracting Opportunities**Wesley Schwalje, Marketing Coordinator**

Waukesha Alaska Corporation of Anchorage, Alaska will train two Russian managers in 2003 as part of its efforts to secure a contract with one of the major oil and gas consortia operating in Yuzhno Sakhalinsk. The seven oil and gas development projects off Sakhalin Island in the Sea of Okhotsk present tremendous opportunities for contractors.

Following are edited excerpts from SABIT Marketing Coordinator Wesley Schwalje's recent interview with John Haxby, Vice President of Waukesha Alaska Corporation.



The SABIT Program is an ideal way for contractors and sub-contractors related to the oil and gas industry to assess potential market opportunities on Sakhalin. Russian content requirements as well as tax and legal issues faced by foreign contractors and suppliers to Sakhalin PSAs are complex.

ing a supplier of oilfield service products. However, as it turned out, there appeared to be more opportunity in real estate development. We acquired land, and our company is now one of perhaps three companies in Yuzhno Sakhalinsk with enough land for a large-scale development. Because the oil industry is still cautious about funding developments while production sharing agreements are subject to change by the Russian government, a contract for housing and accommodations has not been finalized. We believe that, when the projects are finally fully funded, we will be one of the premium providers of housing in Yuzhno Sakhalinsk.

Q: What future role do you see the trainees that you have hosted playing in this deal?

A: Assuming that we are successful in securing contracts for housing in Yuzhno Sakhalinsk, we believe that the interns will play a large role in the projects. These are Russian nationals who speak excellent English and have a good understanding of Western business standards. The added benefit is that they are also familiar with Russian business customs. We have long-term relationships with the trainees that stretch back over many years, and these relationships will continue in the future.

Q: In your opinion, what is the potential of Eurasian markets for American businesses such as yours operating in the oil and gas sector?

A: The potential for American businesses in Russia in the oil and gas sector is excellent. However, many hurdles remain, and the market is not for the weak-at-heart or those with limited resources. The key to doing business in Russia is a partner that you can trust.

More on our website

Click here for more information about SABIT's training programs in the energy sector >>

Q: What was your motivation to apply for SABIT funding?

A: We heard about SABIT from Chuck Becker, Director of the United States Export Assistance Center in Anchorage, Alaska. We were motivated to apply because we anticipated obtaining a contract for constructing buildings in Yuzhno Sakhalinsk. Based upon this belief, we felt that we needed to find and train local personnel who had a good understanding of English and a reasonable comprehension of Western business practices.

So far, Waukesha has hosted one trainee. The training produced a potential employee with an excellent understanding of English and who is well versed in U.S. business practices. We also feel that this intern left with the vision that anything is possible, not only in America, but also in Russia.

Q: How has SABIT helped you as a small business?

A: As a small enterprise, SABIT allowed us to bring over and train a potential employee, whereas we may not have elected to do this otherwise. SABIT also assisted in handling all of the necessary visa paperwork, which was very helpful.

Q: Please give a brief history of your background in Sakhalin to date and provide details on the Sakhalin housing contract.

A: Our business on Sakhalin started as an accident in September 2001. We visited the island with some Russian friends on an exploratory mission to determine if there was any business there. We were originally interested in becom-