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# U.S. EXPORTS TO NIS MAKE MODEST RECOVERY IN 2000

**by Derek Nowek and Tanya Shuster**

U.S. exports to the NIS grew nearly 17 percent in 2000 to $3.3 billion, after plunging to $2.8 billion in 1999 (the lowest level in the post-Soviet period). The degree of growth and recovery varied from country to country, but was led by U.S. sales to Russia ($2.3 billion), which accounted for almost two-thirds of total exports to the region (*see table*). Most NIS countries have begun to overcome the unfavorable economic conditions resulting from the slow pace, or lack, of market reform, and magnified by the August 1998 Russian financial crisis. As a result, purchase orders for goods from the U.S. have began to grow, albeit slowly.

**U.S. Exports to the NIS, 1998–2000**
*(in US$ millions)*

| | 1998 | 1999 | 2000 |
|---|---|---|---|
| **Russia** | $3,584.7 | $1,844.7 | $2,318.3 |
| **Azerbaijan** | $122.8 | $55.0 | $210.3 |
| **Ukraine** | $367.5 | $204.2 | $186.2 |
| **Uzbekistan** | $147.3 | $338.7 | $151.4 |
| **Kazakhstan** | $103.1 | $178.9 | $124.5 |
| **Georgia** | $136.5 | $83.3 | $108.8 |
| **Turkmenistan** | $28.0 | $18.4 | $72.5 |
| **Armenia** | $51.4 | $49.8 | $57.0 |
| **Belarus** | $30.4 | $26.0 | $31.1 |
| **Moldova** | $20.6 | $10.6 | $27.4 |
| **Kyrgyzstan** | $20.6 | $21.1 | $24.5 |
| **Tajikistan** | $12.1 | $12.9 | $12.7 |
| **TOTAL** | **$4,625.1** | **$2,843.7** | **$3,324.7** |

*Source: Bureau of the Census, U.S. Department of Commerce.*

**U.S.-Russia Trade More Robust in 2000**

In 2000, overall U.S. exports showed recovery from the effects of Russia's 1998 financial crisis, growing 25 percent over 1999, when exports dropped 48.5 percent. Nonetheless, U.S. exports in 2000 remained below levels achieved during 1993–1998. Moreover, Russia's European suppliers experienced a stronger recovery, with EU exports to Russia growing by 32 percent in 2000 over 1999.

Frozen poultry—dubbed "Bush legs" in Russia following the sudden and strong appearance of U.S.-produced chicken in the NIS marketplace during the first Bush Administration—led U.S. growth for a single export category in 2000, at $335 million worth of Russian imports. Russia, which was also unable to meet domestic demand for other meat products, also imported fairly high volumes of frozen pork and beef. Meanwhile, oil/gas machinery, computers/components, telecom equipment, and electrical machinery remained important U.S. manufactured goods exports to Russia. All showed meaningful growth in 2000.

***In This Issue***



Despite the overall trends among U.S. exports, consumer goods and some other products have not yet been restored to levels achieved in the Russian market prior to the 1998 crisis (*see article p. 3*). Import substitution and domestic production are factors in the continued low U.S. exports, as is competition from European firms.

The United States imported nearly three times more goods from Russia than it exported in 2000. Raw materials continue to dominate U.S imports, but clothing was a major import this year, as was frozen crab and fish

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**BISNIS**

***Business Information Service for the Newly Independent States***

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# BISNIS ORGANIZES CALIF. IT EVENTS & SPEAKS IN NYC

BISNIS, in cooperation with the international law firm of **Squire, Sanders & Dempsey LLP** (WWW.SSD.COM), held two seminars in California for U.S. companies looking to take advantage of high-tech trade opportunities in Russia's burgeoning information technologies (IT) sector. The events, held March 8 in Cupertino and March 9 in San Francisco, together attracted some 175 attendees who heard a comprehensive update on the Russian IT sector, information on financing IT joint ventures with Russian firms, best sales prospects for U.S. hardware and software firms, Internet development and opportunities, and opportunities in the semiconductor industries.

Seminar speakers included BISNIS Deputy Director Trevor Gunn; Sarah Carey of Squire, Sanders & Dempsey; Jason Horowitz - **Sun Microsystems**; Jim Jarrett - **Intel Corp**.; Victor Paul - **Ru-Net Holdings**; Robert Koran - **Bank Austria Creditanstalt**; John Perenica - **Apple Computer**; Tim McCarthy - **Troika Dialog Bank** (Moscow); Arina Kornilieva - **Corning, Inc.**; and Dr. Marius Orlowski - **Motorola**. *For information on these speakers and others who addressed the seminars, visit WWW.BISNIS.DOC.GOV/RUSSIANCONF.HTM.*

On March 8, 2001, International Women's Day, the **Alliance of American and Russian Women** (AARW) and the **Manhattan Chamber of Commerce** hosted a panel discussion on "Doing Business in Russia in 2001: Trends, Opportunities and Partnerships" in New York City. Approximately 80 attendees came to hear the speakers: Bea Celler of the **Center for International Private Enterprise** (CIPE), an affiliate of the U.S. Chamber of Commerce; BISNIS' Director Anne Grey; and Gail Coleman, executive vice president and CFO of **Khanty Mansiysk Oil Corporation** (KMOC), a U.S.-registered, publicly traded, independent oil exploration company (WWW.KMOC.COM) operating in western Siberia.

Ms. Celler discussed the importance of corporate governance and the rule of law for the commercial and investment environment. Ms. Grey gave an overview of the current U.S. - Russian trade picture and offered tips on pursuing commercial opportunities in the NIS, including advice on how to utilize resources available to U.S. firms. Ms. Coleman talked about her company's unique experience in the Russian market. *For more information, visit WWW.AARWOMEN.ORG.*

# CONSUMER GOODS MAKING A COMEBACK IN RUSSIA

**by Kelly Raftery**

The 1998 Russian financial crisis dealt a severe blow to U.S. consumer goods exports to Russia. Since the crisis, Russia has been more aggressive about strengthening local production. Western companies now face stiff competition from their Russian counterparts, although the discriminating Russian middle class still prefers to buy certain goods from abroad. In these niche markets, there are real opportunities for U.S. exports as well as in joint production.

The average Russian consumer has changed since the 1998 crisis. Incomes are slowly but steadily rising and the middle class is growing, along with its purchasing power. Consumers today are generally better informed and more discerning. Residents of Moscow and the surrounding regions are even privy to a consumer goods hotline—a free advisory service designed to provide consumer rights guidance.

Distribution channels within this sector are also becoming more formalized in Russia. As the market grows more sophisticated, there has been a move away from street vendors and kiosks, particularly in the more affluent markets. The shuttle traders that had been a staple in the post-Soviet 1990s are rapidly becoming obsolete, as Russia's own production facilities begin to produce goods of similar quality. In addition, many municipalities have passed local legislation, cracking down on unregulated trade. The Moscow city government requires vendors to install cash registers and also imposed a 5 percent sales tax on goods. Many retailers now have extensive distribution networks that span cities and regions throughout Russia.

### Best Bets for U.S. Companies

Since the 1998 crisis, the consumer goods market has grown far more sophisticated. With the devaluation of the ruble, many imported goods were priced beyond the reach of most consumers. Likewise, local consumers began to evaluate goods based on quality and price, as well as origin. At the same time, there was a backlash against some foreign goods, as local consumer preferences returned to traditional, familiar brands and products. Certain consumer items, including cosmetics, apparel and footwear, furniture and household goods and home appliances, are still considered better if imported, and the market holds real opportunities for U.S. companies.

### Cosmetics

The market for cosmetics and other beauty products is still one of the leading market opportunities for U.S. companies. While local companies have begun to make inroads in the sub-sectors of hair and skin products, western companies still dominate in cosmetics and perfumes. Some long-term U.S. players still present in the Russian cosmetics market include: **Mary Kay Cosmetics**, **Avon Cosmetics**, **Freeman Cosmetics**, and **Johnson & Johnson**. Although there is some local production in this sector, it cannot compare in quality to imports. The market for cosmetics and beauty products has grown steadily more sophisticated in the last two years, with major brands beginning to market themselves as "high end" products with a selective, strategic distribution.

### Apparel and Footwear

Much like in the cosmetics sector, local production of footwear and apparel significantly increased in the last two years, although local consumers still perceive imports to be of a higher quality. Russia now has local designers working on new designs and selling in exclusive boutiques. Russia currently lacks a strong local brand presence in the lower-end markets for clothing and shoes. U.S. companies interested in entering the market for apparel in Russia can look to a number of well-established retail and wholesale distributors with extensive ties throughout Russia and possibly other NIS countries. While previously it may have been necessary for a U.S. company to contact locals companies seperately, the distribution system for consumer goods has become more extensive and much of Russia's consumer goods are distributed by companies located in Moscow

| U.S. Consumer Goods Exports to Russia<br>*(in US$ millions)* | | | |
|---|---|---|---|
| | 1998 | 1999 | 2000 |
| Cosmetics | 18.0 | 5.0 | 9.0 |
| Apparel | 8.0 | 2.0 | 2.0 |
| Footwear | 2.0 | 0.0 | 1.0 |
| Furniture/Household Goods | 32.0 | 12.0 | 9.0 |
| Home Appliances | 1.2 | 0.4 | 0.6 |
| **Total** | **61.2** | **19.4** | **21.6** |

### Furniture and Household Goods

There is a substantial market for reasonably priced furniture and household goods in Russia. Russian domestic furniture production accounts for only 70 percent of the furniture market. Additionally, the vast majority of the Russian furniture plants assemble their products from imported components. In Russia, outdated machinery and a lack of resources to overhaul them very often produces a lower quality of finished product, creating an even greater demand for imports. 261,500 customers visited the newly opened Ikea, located just outside of Moscow, within two weeks of its March opening. The first day alone saw over 40,000 customers. Much like in other sectors, well-made quality furniture and household goods are still in great demand in the markets of the NIS.

### Home Appliances

Another potential growth market for U.S. exports and possible joint production is in household appliances, particularly washing machines, refrigerators and stoves. An Italian company, Merloni Elettoromestici SpA, occupies the leading po-

*(continued on p. 6)*

fillets.

(*U.S.-NIS TRADE*, continued from p. 1)

Russia, which leads all countries in Eastern Europe and the NIS as a U.S. trading partner, still accounts for less than 1 percent of total U.S. foreign trade. Moreover, in 2000, Russia accounted for some 70 percent of U.S. trade with the NIS.

**The Caucasus**

In 2000, total U.S. export sales to the Caucasus region (Azerbaijan, Georgia, and Armenia) more than doubled to $376 million, from $188 million the year before. Even more significantly, last year's export sales surpassed the level of 2 years ago ($310 million), which reflects the fact that U.S. trade with the Caucasus has perhaps emerged from the downturn related to the 1998 Russian financial crisis and begun an upward trend.

The most significant increase in U.S. exports to the region (and a year-end record) was in trade with Azerbaijan, valued at $210 million. Commercial aircraft and parts led U.S. exports to Azerbaijan last year, jumping to $135.4 million and accounting for 64 percent of total sales. Two Boeing B757-200 aircraft acquired by Azerbaijan Airlines (AZAL) spurred the growth. The U.S. Export-Import Bank, in its first-ever transaction in Azerbaijan, provided the bulk of the financing for this transaction. The aircraft are equipped with Rolls Royce engines financed by the UK's Export Credit Guarantee Department, which made for a groundbreaking cooperative scheme in the way this transaction was realized.

Shipments of oil and gas machinery and parts, mostly bound for Azeri oilfields, more than tripled last year to $35.3 million. The purchase of such machinery reflects the inflow of oil-related earnings and the country's ability to capitalize on rising world oil prices. U.S. merchandise deliveries of tobacco products were also significant at $15.6 million.

U.S. exports of goods and service to Georgia grew by a respectable 30 percent, to $109 million, in 2000. Georgia's purchases of meat products, mostly frozen poultry, more than doubled to $38.3 million, reaching the pre-crisis level of 1998. Other Georgian imports included machinery ($9.3 million), cereals ($5.6 million), and tobacco products ($5.3 million).

Within the region, U.S. exports to Armenia showed the most modest growth. Year-end trade closed at $57 million, the bulk of which was humanitarian relief. Precious stones and metals ($8.4 million), wheat products ($7 mln), and precision instruments ($2.6 mln) were other major export items.

**Central Asia**

In 2000, combined U.S. trade deliveries to Uzbekistan, Kazakhstan, Turkmenistan, Kyrgyzstan, and Tajikistan totaled $385 million, well below the $570 million in sales transactions for the region in 1999. On a country-by-country basis, Uzbekistan was the largest importer of U.S. goods and services ($151 million). In 1999, Uzbekistan's import purchases from the U.S. were lead by two high-value Boeing aircraft. Even without new aircraft sales in 2000, U.S. trade deliveries to Uzbekistan had a bright spot. Exports of machinery and parts, including agricultural equipment, computers, and iron and steel products, grew by 11 percent to $81.3 million. Exports of U.S. motor vehicles, chiefly tractors, were worth $26.7 million.

U.S. export sales to Kazakhstan in 2000 were valued at $124.5 million, up from $79 million in 1999. (Although official figures show 1999 U.S. export sales to Kazakhstan at $179 million, $100 million of that amount can be attributed to a satellite purchased by another country and shipped to Kazakhstan for launch.) The chief growth areas included machinery and parts, which almost doubled to $47 million, and electrical equipment and accessories, which increased by more than 72 percent to $18.8 million. The country's orders for precision tools and controls fell 24 percent, but still accounted for $15.6 million of total sales.

U.S. exports to Turkmenistan leaped from an all-time low of $18 million in 1999 to $72.5 million in 2000. Renewed orders for electrical equipment and components, valued at $31.8 million, and various machinery and parts (worth $24.4 million), lead U.S. foreign trade to Turkmenistan. Deliveries of wheat products accounted for the bulk of U.S. exports to Kyrgyzstan and Tajikistan in 2000.

**Western NIS**

Combined U.S. exports to the Western NIS (Ukraine, Belarus, and Moldova) were valued $244 million and remained roughly unchanged from 1999. Machinery (about $65 million worth) remained the single largest category of U.S. exports to Ukraine, the biggest market in the region, and were dominated by power generation equipment and parts, computers and components, and office equipment and accessories. Exports of electrical equipment and components closed at $15.4 million and tobacco products at $13.5 million.

Modest growth also resumed in sales of precision instruments and parts ($7.2 million) and motor vehicles ($6.3 million). The likelihood of steady export growth to Ukraine is in doubt, however, so long as the country continues to struggle with reversing the pattern of falling trade, unfavorable economic conditions, and slow pace of economic reforms.

**Outlook**

U.S. exports to the NIS region are tied to the growth of local economies, Russia's in particular. In 2000, Russian GDP grew by some 8 percent, and some other NIS countries also showed significant GDP increases (e.g., Azerbaijan—11.4 percent, Kazakhstan—9.8 percent). If the region enters a sustained period of economic growth, U.S. exports of manufactured goods and services can be expected to increase as well.

*Derek Nowek and Tanya Shuster are trade specialists for **BISNIS** in Washington, D.C.*

# UPDATE ON PSA LEGISLATION: A RUSSIAN PERSPECTIVE

**by Yevgeny Shchukin**

On February 12, 2001, the Russian State Duma held parliamentary hearings on legislative issues connected to Russia's production-sharing agreements (PSA) regime for oil and gas projects. The hearings were attended by 160 participants including deputies, investors, and involved government bodies. Mr. Glenn Waller, the chairman of Petroleum Advisory Board, spoke on behalf of foreign investors working, or planning to work, under PSAs.

**Background**

PSA regimes are used in 64 countries. PSAs, which are basically a contract between an investor and the state, provide a transparent arrangement that allots a certain portion of extracted mineral resources to the investor. PSA arrangements are well suited to Russia because they offer an alternative to the existing tax and licensing regime, which is unstable. Under a PSA, the state retains control over natural resources and the investor incurs all risk, recovering its investment through the sale of an agreed-upon percentage of production. Russia holds around 37 percent of discovered world oil and gas resources, and favorable PSA legislation would give a great impetus to attract foreign investors to develop those resources.

However, legislation on PSA has always been a political issue, which has prevented its implementation. Russia's basic law on PSA was signed in 1996, but the law was considered by foreign investors to be inadequate. Some limitations of the Russian PSA law include provisions that (1) only 30 percent of total national discovered and estimated resources (of which 27.5 percent is taken to date) can be developed under PSAs, (2) domestic equipment and services suppliers must have a 70 percent share of the project, and (3) the workers on a project must include 80 percent local labor. Moreover, normative acts (implementing regulations) and a tax code with specific sections on PSAs have yet to be passed. To date, six federal laws have been adopted approving 28 mineral deposits for PSA purposes. However, operations have started on only three projects: Sakhalin-1, Sakhalin-2, and Kharyaga. PSAs for these projects were signed before the law's passage in 1996, and were approved by presidential decrees. Initial investments of $2 billion were made for these projects. Feasibility studies have been conducted on several other PSA projects, some of which have been approved by the Duma, but none have been signed because investors are waiting for changes to be made to the legislation.

**Problems with the PSA Regime**

Some amendments to the PSA law were approved in 1999, but experts still see the following problems hindering the use of Russia's current PSA regime:

1. The overall investment climate is not investor friendly in Russia yet.

2. The state as a contractor plays a contradictory role by setting rules and making profits at the same time.

3. The State Duma must approve both the list of the deposits to develop under PSA and the agreement itself when the contractors sign one.

4. The law does not provide for coordination among various Russian ministries of the process of preparing and signing the agreement and controlling the realization of the project. Investors claim that they have to collect over 1,700 signatures from government agencies to prepare the project.

5. Transportation issues are among the crucial ones. Remote sites cannot be attractive to investors without easy access to existing or potential transport facilities (railways, pipelines, etc.), which are not always available.

6. Cost compensation, taxes, customs tariffs, and accounting issues are not fairly resolved in the law.

At a September 2000 conference on Sakhalin Island, President Putin asserted his support for improving the PSA regime. On February 2, 2001, a resolution was issued delegating authority to the Ministry of Economic Development and Trade (MERT) under German Gref to work toward this goal. Another nine governmental bodies involved are subordinated to MERT in supporting and controlling the process of preparing and signing PSAs. Investors hope that MERT will make final amendments to the basic law and follow a "one-stop shop" approach to help investors prepare the necessary documents. Also, in August 2000, the government approved a plan of 16 urgent legislative initiatives that would improve coordination, resolve tax issues, and set a compensation mechanism. The Duma has established a special commission on PSA legislative problems that reviews amendments to the basic law and the list of proposed PSA sites.

**Planned PSA Regime Changes**

During the spring legislative session, the Duma has plans to read more than 20 draft laws. Among them are proposals for nine new sites to be developed under PSA, including three oil/gas fields, two gold mines, and a silver, diamond, and molybdenum mine. Other draft laws suggest amendments to the basic PSA law, tax code, and customs code.

On December 20, 2000, the Duma adopted in a first reading a draft law proposing a "direct sharing" mechanism. The amendment would not alter the existing production-sharing mechanism, but would allow investors to choose instead a direct-sharing mechanism. Basically, direct sharing assumes that once the total market price of production is determined, it is split directly between the state and investor, but without compensation and profit percentages for the latter. In this case the PSA would provide that the investor pays social taxes only, while rentals, royalty and profit tax, paid according to the law, are compensated by the state with a larger portion of the shared

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(**PSA**, continued from p. 5)

product. Although, the draft law was thought to stimulate domestic investors, Petroleum Advisory Board Chairman Waller claimed it could cause double-taxation of foreign investors in their home countries. Indeed, foreign companies then would pay profit tax in Russia through a portion of the product and would also pay taxes in their own countries, since no documents confirming profit tax payment in Russia are required. Therefore, Waller hoped to work on better wording for the law to avoid discrimination against foreign investors.

A draft law adopted in the first reading on December 14, 2000, would guarantee stability to investors worried about mergers and acquisitions of companies involved in PSA projects. Investors could hand over their rights and obligations to a third party, or merge, acquire, and restructure, with mandatory approval of the state. A resource-use license would be reissued within 30 days after the completion of the restructuring, without having to go through licensing procedures again.

Additionally, the Duma is planning to ease the mechanism for signing and approving agreements. It will also revise quotas limiting foreign suppliers and work force, as well as the extraction quota, by either increasing or eliminating it or by overestimating existing mineral deposits.

The most recent and welcomed draft law introduced in the Duma is part 26 to the tax code concerning PSAs. The new draft law provides that investors pay four federal taxes: rentals and royalties, VAT, profit tax, and social tax. Other local and/or regional taxes and levies are not applicable. Bonuses, on the other hand, are one-time payments and subject to the PSA itself. It is also clearly stated that the tax regime would not be changed with regard to the PSA project during the period of its realization and provides a compensation mechanism, if changes are made. The compensation is applied when the investor proves those changes increase the tax burden. The decrease in an investor's profits could be compensated through: (1) giving a larger portion of production to allow profits to the investor under the PSA; (2) an equivalent adjustment of the royalty payments; or (3) increasing the investor's compensation product by a sum of additional tax payments.

Tax amendments will be first read by the Duma in May. If the Federation Council and the president approve them by the end of the year, they should go into force in January 2002.

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*For more information on the Russian oil and gas sector, visit **BISNIS Online** at www.bisnis.doc.gov/bisnis/isa/isa-energy.htm.*

(**CONSUMER GOODS**, continued from p. 3)

sition in the Russian market. Merloni controls over a third of the domestic appliance market share. In June 2000, Merloni acquired Stinol, a leader in the domestic refrigerator market and located in central Russia, and plans to launch washing machine production in the near future. Real potential in the home appliance market lies in joint ventures and even high-end imports, as many of the remaining Soviet-manufactured home appliances will reach the end of their life spans in the next several years.

In addition to cosmetics, apparel/footwear, furniture and household goods, and home appliances, markets for other consumer goods—including sporting goods, toys, and children's accessories and clothing—have also shown a resurgence in growth lately. Although western companies now face greater competition from local producers, the current market for consumer goods is far more promising than it has been for the last two years.

*For more information and detailed market reports on consumer goods sector in the NIS, visit **BISNIS Online** at www.bisnis.doc.gov/bisnis/isa/isa-consum.htm.*

*Kelly Raftery covers consumer goods for **BISNIS** in Washington, D.C. Olga Ananina of the U.S. Commercial Service in Moscow contributed to this article.*

# NEW RESOURCES

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# *REGIONAL CORNER: Samara, Russia*

**by Ekaterina Solovova**

The region of Samara (population 3.3 million) contains two of the most economically powerful cities in Russia, Samara City and Togliatti. Samara's population is the third wealthiest in the country after Moscow, St. Petersburg, and the Moscow region. The Samara region is located approximately 600 miles southeast of Moscow, along the Volga River. The region is rich in natural resources, including oil and gas, raw materials for bricks and cement, and mining resources such as phosphorites, sulphur, salt, bitumen, and shale oil.

**Leading Industry Sectors**

The most significant industrial sectors for the region include machine building, petrochemicals, metallurgy, fuel production, and food processing. The market for non-industrial products is also expanding rapidly. Most significantly, telecommunications, household appliances and electronics, computers and office equipment, pharmaceuticals, medical supplies, and food products have existing networks for distribution and are areas with potential for growth.

Machine building is the largest sector of Samara's economy. Russia's leading car manufacturer, AvtoVAZ, is located in the city of Togliatti. This region is home to Russia's leading aircraft, aircraft engine, and spaceship and satellite manufacturers, as well as being the key distribution center for inter-regional and exported crude oil in Russia, and the third largest petrochemical industry center in Russia.

**Investment Climate**

Both **Standard & Poor's** and **Moody's** recently upgraded Samara's investment climate rating, reflecting the region's continuously improving economic performance, increasing foreign investment inflow, low debt, and relatively stable financial situation. A number of foreign technical assistance projects, including the U.S. State Department's Regional Investment Initiative, TACIS, TRASFORM (Germany), DFID (United Kingdom), and the EBRD small business lending program all help create opportunities for further investment. Special agencies of the regional administration provide potential investors with information and organizational support, and have published an investor's guide.

**Foreign Trade and Investment**

The leading importers to Samara are Germany (15 percent), Italy (5 percent) and the United States (4 percent). The leading imported products (in U.S. dollar value) are machinery, food products and raw products for food processing, pharmaceuticals, and oil and petrochemical products. Machinery, metals, chemicals and petrochemicals dominate exports. Current foreign direct investment (FDI) per capita in the region is \$77, cumulative foreign investments in 1999 were as much as \$442 million. The leading industries receiving FDI are food processing (over 60 percent), machine building, and chemicals and petrochemicals. The most significant investors are the United States (50 percent), Switzerland, and the United Kingdom.

Among the most notable foreign investments in the Samara Region are **Packard Electric Systems'** joint venture with Samara Cable Company for the production and supply of wiring harnesses to AutoVAZ and **Corning Inc.'s** joint venture with Samara Cable Company to produce optical cable for sale within the NIS. In addition, **Coca-Cola, Pepsi-Cola, Nestle**, and **Danone** all have placed considerable investment in the region. Most recently, **General Motors** confirmed its \$330 million joint venture with AutoVAZ.

*For a more detailed report on Samara, visit **BISNIS Online** at www.bisnis.doc.gov/bisnis/country/Volga.htm.*

*Kate Solovova is the **BISNIS** representative in Samara.*

# *AGENCY SPOTLIGHT*

The **City of Fairfax, Va**., the **Central Fairfax Chamber of Commerce,** the city administration of **Krasnoyarsk**, Russia, and **International Technological Information Consultants** (ITIC) of Fairfax are cooperating on a Russian/American small business development program. The program will include the creation of websites to foster trade and development between Fairfax and Krasnoyarsk. Elena Kopersak, a Russian intern sponsored by the U.S. Dept. of Commerce's Special American Business Internship Training (SABIT) program, will help prepare information in Russian on Fairfax businesses for the Krasnoyarsk business community and, upon return to Siberia, will work on a Krasnoyarsk directory in English for Fairfax firms. *For information, visit www.cfcc.org.*

The **Alliance of American and Russian Women** (AARW) has announced the Women's Business Exchange (WBE), a program of on-site consultation between U.S. and Russian businesswomen. The goal of the WBE is to support the development of women-owned, small businesses in Russia, enhancing efficiency and productivity in Russia's transitional economy. WBE provides U.S. businesswomen the opportunity to serve as volunteer consultants, advising client businesses in Russia for a two-week engagement. The pilot for this program was made possible by a grant from the IREX/SPAN program. Agents for the program in Russia are the Volkhov International Business Incubator and AARW's office in Moscow. *For more information, visit www.aarwomen.org.*

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| Facsimile: | +44 (207) 596-5106 | |
| Email: | julia.romanenko@ite-exhibitions.com | |
| Website: | www.ite-exhibitions.com | |
| Sectors: | oil and gas field exploration and extraction | |

| | | |
|---|---|---|
| **Oil and Gas 2001** | **May 16–18, 2001** | **Tomsk** |
| Organized by: | JSC Technopark | |
| Telephone: | +7 (3822) 41-52-00 | |
| Facsimile: | +7 (3822) 41-97-68 | |
| Email: | technopark@mail.tomsknet.ru | |
| Sectors: | oil and gas exploration, pertrochemicals, environmental protection | |

| | | |
|---|---|---|
| **Kola Partenariat 2001** | **May 17–19, 2001** | **Murmansk** |
| Organized by: | Kola Business Development Center | |
| Telephone: | +7 (8152) 28-67-58 | |
| Facsimile: | +7 (8152) 47-23-87 | |
| Email: | kbdc@rosmail.ru | |
| Website: | http://kbdc.rosweb.ru | |
| Sectors: | multi-industry | |

## World Russian Forum
## “Russia–USA”

***New Century–New Presidents–New Perspectives***

**May 4–5, 2001** — **New York, NY**
**May 7–8, 2001** — **Washington, DC**

**Organized by:**
Media Group Kontinent, USA and Russia House in cooperation with U.S.-Russia Business Council, Russian-American Business Council, RIA Novosti, RosBusinessConsulting, UBS Paine Webber, Nikoil, and many other organizations.

The World Russian Forum will host prominent U.S. and Russian business and political leaders, writers, artists, scientists, and educators.

*For additional information, please contact Dr. Edward Lozansky at telephone (202) 986-6010, fax (202) 667-4244, email Russia@RussiaHouse.org, or visit www.russiahouse.org.*

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