



# BISNIS BULLETIN



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## RUSSIA'S FURNITURE MARKET GROWING

by Olga Ananina

The sale and production of furniture is among the most vibrant consumer goods industries in Russia, with a growing number of dynamic retailers offering many locally manufactured products and a large international selection. Last year sales increased by one-third, reaching \$1.5 billion. Industry experts predict sales will reach \$2 billion this year and continue to grow strongly in the future. European furniture is sold widely, and U.S. exports could also expand with a strong sales effort. Russian manufacturers also represent a substantial market for export of furniture components and production equipment.

### Market Overview

In the city of Moscow alone there are 400 furniture stores, in addition to the dozen or so superstores, including IKEA and **Grand** (Roanoke, Va.), which have sprung up in outlying areas of the city and the emerging suburban ring. These stores offer customers locally manufactured furniture and a vast selection of international products.

Although the average Russian's purchasing power is very low, disposable income grew by approximately 10

percent in 2000. Furniture will be one of the first outlets for this increased purchasing power due to the long shortage of affordable furniture in previous years. The emerging Russian middle class has a growing need

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Photo by Andriy Vorobyov

*BISNIS/FCS booth after ribbon cutting ceremony*

*(l-to-r: Anatoliy Zhirnov, Head of College of Design and Landscape Architecture; Victor Ovchinnikov, President of JSC Arcada; Vladimir Gusakov, Head of the State Committee of Ukraine for Construction and Architecture; David Hunter, Senior Commercial Officer, U.S. Embassy in Kiev; and Victor Byshovets, Kiev Chief Architect for Landscape, Parks, and Recreation Facilities.)*

## CATALOG SHOW PROMOTES U.S. PRODUCTS IN UKRAINE

by Andriy Vorobyov

Catalog displays give U.S. companies a convenient and inexpensive way to explore market prospects, gather business contacts, develop sales leads, and locate potential agents and distributors. A BISNIS/FCS Product Literature Center at the 11th International Construction and Architecture Trade Show, "Cottage 2001" in Ukraine, Kiev, May 26-29, 2001, attracted 27 U.S. companies in the construction, repair, building materials and equipment, architecture, and design areas. The Product Literature Center was organized jointly by BISNIS and the U.S. Commercial Service (FCS) in Kiev. BISNIS Washington's trade specialist, Jeffrey Kamins, recruited this diversified mix of U.S. companies and offered them the opportunity to send promotional materials to Ukraine for exhibition at the BISNIS/FCS booth.

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**Dear Readers,**

Beginning June 1, I will be leaving my position as director of BISNIS to become the deputy director for operations for the U.S. Department of Commerce's Commercial Service Domestic Operations. At BISNIS, we've come a long way to be the program we are today and one that truly represents what the U.S. government can do to support U.S. exports and investment to Russia and the Newly Independent States.

The program has grown tremendously, since we first began in 1992. We expanded BISNIS to 19 overseas representatives to include commercial coverage in the regions of Russia where there was none before. Our BISNIS leads and investments programs have brought in more than \$2.8 billion tracked results. So far in 2001, BISNIS has been credited with \$47 million of trade and investment transactions. We were one of the first programs to launch both an English language and Russian language web site at the Department of Commerce. Although I'm moving on, BISNIS will continue to strive to meet your needs and we are proud to have made a real difference in this part of the world. It has been a pleasure to be a part of the wonderful team at BISNIS and I thank you for your ongoing support of the program.

Best wishes for your continued success.

— Anne L. Grey

**BISNIS**

*Business Information Service  
for the Newly Independent States*

BISNIS is an information resource for U.S. companies doing business in the Newly Independent States of the former Soviet Union. 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, please contact:

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*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.*

**BISNIS HOSTS LENINGRAD GOV.**

On May 16, 2001, BISNIS and the Greater Washington Board of Trade hosted the Honorable Valery Serdyukov, **Governor of Leningrad Oblast**. Speaking to more than 80 attendees, Governor Serdyukov outlined key reasons behind Leningrad Oblast's rate of industrial output, nearly three times that of the Russian national average. Governor Serdyukov noted several U.S. companies, including **Kraft Foods** (Northfield, Ill.), **International Paper** (Purchase, N.Y.), **Caterpillar** (Peoria, Ill.), and the **Ford Motor Company** (Dearborn, Mich.), have invested in Leningrad Oblast, which boasts a prime geographic location and economic and political stability. Several companies recognized the efforts of the governor and his administration to create an investor-friendly environment through tax benefits and the protection of investors' rights. The governor acknowledged that U.S. exports to Leningrad Oblast are increasing, especially industrial machinery, food products, and equipment. Governor Serdyukov cited Russia's food industry as one of the region's most promising markets for U.S. investment.

*For more information on Leningrad Oblast, please visit **BISNIS Online** at [WWW.BISNIS.DOC.GOV/NW.HTM](http://WWW.BISNIS.DOC.GOV/NW.HTM).*

*(Catalog Show, continued from p. 1)*

Almost 200 representatives of local companies from the construction, building, and other industries registered as visitors at the BISNIS/FCS booth. The Cottage 2001 trade show was organized by JSC Arcada ([WWW.ARCADA.COM.UA](http://WWW.ARCADA.COM.UA)) under the auspices of Ukraine's State Committee for Building and Architecture.

In addition to displaying product literature, BISNIS Representative in Ukraine Andriy Vorobyov and FCS Trade Specialist Oleksandr Zavhorodniy manned the booth, and collected 317 trade and partner leads for U.S. products and services, consisting of 100 export opportunities, 50 investment projects, 100 market prospects, and 67 cooperative research and design projects. The BISNIS/FCS Product Literature Center at Cottage 2001 gave Ukrainian companies a convenient way to familiarize themselves with U.S.-made construction materials, equipment, and technologies.

*For additional information on Cottage 2001 or Ukraine's construction sector, please visit **BISNIS Online** at [WWW.BISNIS.DOC.GOV/UKRAINE.HTM](http://WWW.BISNIS.DOC.GOV/UKRAINE.HTM).*

*Andriy Vorobyov is the **BISNIS** representative in Kiev.*

## AZERI CHAMBER—RESOURCE FOR TRADE AND INVESTMENT

by Derek Nowek

Since 1992, the Azerbaijan Chamber of Commerce and Industry (ACCI) has helped foreign companies do business in Azerbaijan. The ACCI has developed a wide range of information, consultancy, and legal services in an effort to attract foreign trade and investment to Azerbaijan. U.S. companies active in Azerbaijan or considering Azerbaijan's market may find that ACCI can advance their efforts.

### Goals

ACCI is a non-profit organization with a mandate to assist small, medium, and large-size companies, including foreign investors and traders, conduct successful business transactions, coordinate and review investment projects, and find business partners. The Chamber works to achieve the following goals:

- attract and introduce local and foreign investment to Azerbaijan's privatization program;
- help foreign investors, local authorities, and domestic companies to work together more effectively;
- disseminate information on various trade and investment projects, notices of upcoming conferences, and trade exhibitions; and
- review investment proposals and provide information, consulting, and legal services to domestic and foreign businesses in Azerbaijan.

### Services

The Chamber can assist foreign companies with on-the-ground market research in a specific product or industry sector as well as with locating potential buyers, suppliers, and distributors. ACCI also promotes new investment opportunities in agribusiness, transportation, construction, and numerous other industries.

ACCI also offers its expertise in preparing documentation for doing business in Azerbaijan as well as for participation in privatization tenders. ACCI's legal services include assistance with the registering of foreign companies, certification of foreign trade documents, advertising services, and interpretation and translation services.

*For more information on the Azerbaijan Chamber of Commerce and Industry, please contact ACCI at telephone +994 (12) 928-912 or fax +994 (12) 971-997.*

*For more information on Azerbaijan, visit **BISNIS Online** at [WWW.BISNIS.DOC.GOV/AZERBAIJAN.HTM](http://WWW.BISNIS.DOC.GOV/AZERBAIJAN.HTM).*

*Derek Nowek covers Azerbaijan for **BISNIS** in Wash., D.C.*

## NEW RESOURCES

### *"Edge of Time: Traveling in Armenia and Karabagh"*

Edited by Robert Kurkjian and Matthew Karanian. Published by Stone Garden Productions. A complete travel guide of Armenia for both business and leisure travel. *For information, contact Stone Garden Productions at tel. (888) 266-7331, or visit [WWW.STONEGARDENPRODUCTIONS.COM](http://WWW.STONEGARDENPRODUCTIONS.COM).*

### *The Central Asia-Caucasus Analyst*

Biweekly on-line journal of current events in the Central Asia and Caucasus region. *To subscribe, see [WWW.CACIANALYST.ORG](http://WWW.CACIANALYST.ORG).*

### *EastView.com*

Fee-based website offering on-line databases of newspapers, periodicals, government proceedings, legal documents, and military and strategic information on the NIS. *To subscribe, visit [WWW.EASTVIEW.COM](http://WWW.EASTVIEW.COM).*

### *InsideWorld.com*

On-line news service offering daily news updates and specific country portals for Belarus, Moldova, Russia, and Ukraine in addition to a more general CIS portal. *To subscribe, visit [WWW.INSIDEWORLD.COM](http://WWW.INSIDEWORLD.COM).*

### *RusEnergy.com*

Russian/English-language website devoted to energy industries within the former Soviet Union. Offers daily news reports, weekly analysis of energy-related legislation, stock and oil prices, weekly investment ratings of Russian oil and gas companies, as well as a comprehensive data base of industry analysis. *To learn more, visit [WWW.RUSENERGY.COM](http://WWW.RUSENERGY.COM).*

### *Russian Regional Investor*

Biweekly report from the EastWest Institute covering Russia's investment environment and economic and business trends. *For more information, visit [WWW.IEWS.ORG](http://WWW.IEWS.ORG).*

### *The Times of Central Asia*

Daily news source on current events, business, and politics for Central Asia. *To subscribe, visit [WWW.TIMES.KG](http://WWW.TIMES.KG).*

*This list is not comprehensive; inclusion on this list does not constitute an endorsement or guarantee by the U.S. Department of Commerce.*

(FURNITURE, continued from p. 1)

for furniture as it moves into larger apartments and continues to build “cottages” in the areas surrounding most Russian cities.

Domestic manufacturers produce 70 percent of the furniture sold in Russia. Locally produced furniture is copied from European designs, and is often assembled from European components and trim elements. Russian furniture plants are effective producers of lower cost furniture and imitators of foreign styles. The quality of domestically produced furniture is similar to Western analogues, however the prices are typically 30–50 percent lower.

Nevertheless, locally produced furniture is facing intense competition from foreign-manufactured product as consumers become financially able to chase higher quality products. In addition, foreign companies are finding it profitable to establish new joint ventures and invest in furniture or component production in Russia.

#### Best Prospects for U.S. Companies

Despite high tariffs and limited purchasing power, the Russian furniture market is rapidly growing. New retail outlets keep opening, and companies continue to find new niches. Although the competition is strong, even the Moscow retail furniture market is far from being saturated. For U.S. companies, the best prospects appear to be:

- Middle and upper price range furniture, primarily in Moscow and St. Petersburg;
- Hardware and other components;
- Equipment sales, although without availability of government-guaranteed financing programs, financing is very difficult;
- Joint production of components or assembled furniture for sale locally or abroad.

#### Domestic Market Challenges

Russian furniture plants are facing multiple challenges, particularly a weak financial structure, impeding the purchase of new equipment to modernize production facilities which could improve quality and expand production. Moreover, domestic production is highly concentrated; the four largest firms account for 34 percent of production and are located in the Moscow Oblast. Obsolete equipment is one of the major reasons for the low quality of furniture, as well as the limited quality and variety of the components. Currently, over 80 percent of all furniture manufacturing equipment is at least 11 years old, and companies lack the financial resources to replace it. Despite these obstacles, a number of furniture manufacturing plants have recently acquired new imported equipment. The Shatura Plant, the largest furniture firm in Russia, purchased two German production lines worth nearly \$13 million, allowing the company to double its output by 2002.

#### Entering the Market

U.S. companies wishing to enter the Russian market will want to consider participation in three Moscow trade shows:

## Foot-and-Mouth Disease Meat Ban Update

by Kristian Johnson

Russia banned all meat products and livestock imports from the EU, Argentina, China, and Mongolia in an effort to prevent cases of foot-and-mouth disease from penetrating its borders. An initial ban on all shipments of meat products passing through EU ports was recently lifted, permitting U.S. meat exporters to resume trade with Russia.

Russian statistics reveal that the demand for imported meat products has remained strong. Total meat consumption in Russia is estimated to be as high as 6.2 million tons per year. Domestic meat production accounts for two-thirds of supply nationwide; however, Russia's demand for meat in urban centers is overwhelmingly dependent on foreign imports. An estimated 80 percent of Moscow's meat consumption is supplied by foreign imports.

Currently, the U.S. stands as one of the few remaining meat-exporting countries able to trade with Russia uninhibited. The share of EU meat exports to Russia in 2000 consisted of 59.6 percent of all beef imports (\$260.7 million) and 65.4 percent of all pork imports (\$94.3 million). With the biggest competitors currently banned from the market, an additional \$355 million in annual Russian meat imports is potentially open to competitive U.S. firms.

For more information, visit [www.USDA.GOV](http://www.USDA.GOV).

Kristian Johnson interns for *BISNIS*, Wash., D.C.

Mebel (Furniture)-Expo (Fall 2001), Furniture of Russia (Spring 2002), and Moscow International Furniture Salon (Spring 2002). The U.S. Commercial Service will be organizing a trade mission to the Mebel-Expo: Furniture, Fittings, and Upholstery trade show on November 11–13, 2001, providing a good opportunity for U.S. companies to explore the furniture sector's market potential for export and investment through displaying product literature and meeting with industry leaders. U.S. companies interested in participating in this event may contact Olga Ananina with the U.S. Commercial Service in Moscow at tel. +7 (095) 737-5038, fax +7 (095) 737-5033, or by email at [olga.ananina@mail.doc.gov](mailto:olga.ananina@mail.doc.gov).

For a longer report on Russia's furniture market, visit *BISNIS Online* at [WWW.BISNIS.DOC.GOV/BISNIS/ISA/ISA-CONSUM.HTM](http://WWW.BISNIS.DOC.GOV/BISNIS/ISA/ISA-CONSUM.HTM).

Olga Ananina is a commercial assistant with the U.S. Commercial Service in Moscow.

## KYRGYZSTAN'S "YEAR OF TOURISM"

by Kelly Raftery

The president of Kyrgyzstan, Askar Akaev, has proclaimed 2001 "The Year of Tourism." President Akaev has set forth an ambitious schedule of meetings and reforms to address key barriers to Kyrgyzstan's burgeoning tourism sector. Primary among the proposed reforms is the establishment of a "National Tourism Foundation"—a private/public partnership tasked with improving the overall business climate for the tourism sector. Meetings are also planned to address such key issues as: developing a transparent legislative base, creating reasonable levels of taxation, and easing the bureaucracy of customs clearance. One clear step in the right direction was the opening of a "green line" for customs clearance at Bishkek's Manas International Airport, for those travelers with nothing to declare. Moreover, the government of Kyrgyzstan recently announced, that effective July 1, 2001, all visa requirements would be cancelled for citizens of Japan, the United States, and the European Union on travel to Kyrgyzstan for either business or pleasure. These signs of proactive reform offer hope for Kyrgyzstan's burgeoning tourism industry.

### Foreign Presence

Recent developments in Kyrgyzstan's tourism sector include the opening of two major foreign-owned hotel properties, the Hyatt Regency Bishkek ([HTTP://BISHKEK.HYATT.COM/BISHK/INDEX.HTML](http://bishkek.hyatt.com/bishk/index.html)) and the British-owned Silk Road Lodge ([WWW.SILKROAD.COM.KG](http://www.silkroad.com.kg)). In 1996, the Japanese Bank for International Cooperation granted a 5.45 billion yen credit to the government of Kyrgyzstan for the reconstruction of Manas Airport. A German firm, Hochtief, won the primary contract for the project and began construction in 1998. Among other firms involved in the reconstruction of the airport are: Garanti Koza, Italian Technologies and Innovations (ITI), SpA, Kyrgyzstan National Airlines, Abela Group, and the American-Japanese CH2MHILL-UNICO. British Airways has bi-weekly flights directly into Bishkek from London and has opened a representative office in Bishkek.

The Year of Tourism initiative is being supported by the German Agency for Technical Development, GTZ, which has provided a grant to the Kyrgyz Association of Tour Operators to produce a website on Kyrgyz tourism, [WWW.BISHKEK.SU/KYRGYZSTANTOURISM](http://www.bishkek.su/kyrgyzstantourism). Likewise, for the last six years the German government has been active in sponsoring the work of a private consultant from Germany to both the Kyrgyz Association of Tour Operators and to the president of Kyrgyzstan on tourism issues. The German government has recently extended the consultant's contract for another year through GTZ, to concentrate on building private/public partnerships in the tourism industry.

### New Trends in Kyrgyz Tourism

A relatively new trend in Kyrgyz tourism is toward cul-

tural tourism, focusing on exposing Western tourists to the nomadic lifestyle of the Kyrgyz. Even in the 21st century, rural Kyrgyz still spend summers in the high mountain pastures with their flocks, living in traditional Kyrgyz dwellings called "yurts," bathing in local rivers, and cooking meals over open fires. The high altitude pastures, called "dzhaliyao" in Kyrgyz, are untouched by human development and are considered a "healthier" alternative to spending time in the city during the summer. Several local firms in Kyrgyzstan are now specializing in so-called "dzhaliyao" tourism, bringing western tourists into the mountains on horseback to experience a way of life quickly vanishing.



Photo by Kelly Raftery

*Assembly of traditional "yurt" dwelling in Kyrgyzstan.*

If the adage "any press is good press" is true, Kyrgyzstan garnered a considerable share of world attention when four American tourists were kidnapped by the Islamic Movement of Uzbekistan while hiking in the mountains west of Osh, near the Uzbek-Kyrgyz border last summer. Both the U.S. and the British governments have issued warnings against its citizens traveling to the Kyrgyz regions bordering Uzbekistan, which are the focus of annual incursions from the south. However, both foreign and local tour companies are well aware of the problems and will send hikers to the far safer Naryn and Issyk-Kul Oblasts, equally beautiful in nature and well out of the way of any military action. While this has been a set-back for Kyrgyzstan's tourism sector, it is hoped that President Akaev's "Year of Tourism" initiative will ease restrictions on the tourism sector overall, sufficient to offset the negative attention from this incident.

*For more information on tourism in Kyrgyzstan, visit **BISNIS Online** at [WWW.BISNIS.DOC.GOV/KYRGYZSTAN.HTM](http://www.bisnis.doc.gov/kyrgyzstan.htm).*

*Kelly Raftery is a trade specialist for **BISNIS** in Wash., D.C.*

**TRICKS OF THE TRADE****OPENING AN OFFICE IN KAZAKHSTAN**

by Andrey Chursov

Doing business in Kazakhstan is difficult, but it can be done. The chief obstacle is the unstable legal and business environment, including tax and administrative procedures. For that reason, it is strongly recommended that U.S. companies planning to establish a presence in Kazakhstan use the services of competent legal and audit firms.

**Office Space**

Traditionally foreign companies coming to Kazakhstan start by opening an office in the business capital of the country, Almaty. Usually they rent office space in one of the major office buildings located in downtown Almaty or purchase a private house or villa and remodel it. Currently, due to a relatively stable influx of foreign investments into the country, Almaty offers a range of quality office centers. In addition to Western-style office space, there are also several lesser-equipped office buildings in Almaty. Such offices are usually located in renovated Soviet-style buildings, costing \$15 to \$20 per square meter per month. Rental space also exists in unrenovated Soviet-style buildings, costing anywhere from \$7 to \$15 per square meter per month. Prices for all classes of office space constantly fluctuate. Thus, working through a well-established real estate agency, or directly negotiating with the property owners, can help a company secure reasonable rates for office rent.

**Labor**

Only limited numbers of expatriates can be invited to work in Kazakhstan. The foreign labor quota for 2001 is 0.15 percent of the total labor force, or approximately 10,500 people. Heads of branches and representative offices are exempt from this rule. A company entering the market can expect to find a limited number of outstanding professionals with Western-style education and experience in working for foreign companies or international agencies. However, there are a large number of people with 1 to 2 years of Western education, in addition to top-level graduates of local universities. Employees of foreign companies expect to receive higher wages than their colleagues working for local companies. Also, people working in the oil and gas industries generally earn 30 to 50 percent higher wages.

**Telecommunications**

Currently all types of telecommunications services are available in Kazakhstan. In Almaty, Astana, and Atyrau one can find numerous companies providing Internet access and paging and cellular services. All cellular phone operators offer coverage for the whole territory of Kazakhstan. At present there are 3 major cellular phone operators: K'Cell (GSM

Kazakhstan), K-Mobile, and Altel. The first two operators provide services in the GSM standard, while the third company operates under the AMPS-NAMPS standard. Approximate charges of K'Cell and K-Mobile are \$0.24 per minute, while Altel charges approximately \$0.10 per minute. Kazakhstan has a monopoly in the sphere of long-distance telecommunications. Consequently, long-distance service (though quite reliable) is expensive. A call to the United States can cost approximately \$3 per minute. Several companies offer ISDN connections. Companies such as Satelcom, Arna, and Nursat, for example, provide quality ISDN connections at 64Kbs and 128Kbs. To obtain ISDN service costs around \$600 to acquire the necessary equipment and approximately \$300 per month in fees.

**Business Services**

In Kazakhstan there are four national and about 30 regional TV and radio networks, in addition to a number of newspapers and magazines, all of which offer various types of advertising services at vastly different price levels. In general, advertising campaigns through subsidiaries of foreign advertising agencies are greater in scope and more effective.

Some of the major freight forwarders operating in Kazakhstan and providing a full range of services include **DHL** (San Francisco, Calif.), **UPS** (Atlanta, Ga.), **FedEx** (Memphis, Tenn.), Continental/National Freight, Globalink-Multinational Transportation Systems, Panalpina, Worldwide International Group, Zust Bachmeier, and Pony Express.

Several local companies work as official customs brokers. Some of the leading brokers include Accept Corporation, Terminal, Globalink, and Interdean. Using customs brokers is an effective option at a relatively reasonable cost (currently, mandatory declaration of a customs declaration costs \$50, declaration under broker's name—\$200).

There are a number of world-class professional firms in Kazakhstan offering the full spectrum of audit, consulting, and insurance services. In particular, all Big Five accounting firms have representative offices established in Almaty. AIG Kazakhstan Insurance Company is among the most prominent insurance companies working in Kazakhstan.

*For a longer report on opening an office in Kazakhstan, please visit **BISNIS Online** at [www.BISNIS.DOC.GOV/KAZAKHSTAN.HTM](http://www.BISNIS.DOC.GOV/KAZAKHSTAN.HTM).*

*Andrey Chursov is the **BISNIS** representative in Almaty.*

## REGIONAL CORNER: Kemerovo, Russia

by Azim Mamanov

Siberia's Kemerovo region occupies an area roughly equivalent to the state of Indiana (95,7000 sq. km), but with only half of population (3 million). Kemerovo is the administrative center of this region. Other major cities include Novokuznetsk, Prokopievsk, Leninsk-Kuznetsky, Mezhdurechensk, and Kiselevsk. Kemerovo region has an abundance of natural resources. The region is famous for hosting the largest coal basin in Russia, the Kuznetsk coal basin (Kuzbass). Kuzbass is rich with coking coal, iron and copper ores, gold, polymetals, bauxites, and phosphorites.

### Major Industries

Kemerovo is the largest industrial region of Siberia, contributing over 44 percent of rock coal and 70 percent of coking coal mined in Russia. Leading industries in the region are ferrous metallurgy, coal mining, electrical engineering, non-ferrous metallurgy, chemicals and petrochemicals, and mechanical engineering.

Over 100 companies are involved in the coal mining industry, including "KuzbassUgol," the only coal basin in the world actively applying three major technological methods of coal mining: underground mechanical, underground hydraulic, and open-cast. Ferrous and non-ferrous industries together contribute 41.8 percent to the regional economy and are represented by a number of enterprises, including the West-Siberian Metallurgical Plant, Kuznetsky Ferrous Plants, the Novokuznetsk Aluminum Plant, and Salairsky Mining Plant. The chemical industry is most developed in the city of Kemerovo. More than 500 different chemical and petrochemical products have been produced in this region. One of the largest enterprises involved in the industry is "Azot" JSC, the only producer of mineral fertilizers in Siberia and the Russian Far East. Over 90 enterprises are involved in the mechanical engineering industry, and over 20 percent of the products produced are designed for the mining industry.

### Foreign Trade and Investment

The main export products of this region are coal, ferrous, and non-ferrous metals. Primary imported products are machines and equipment, chemical industry products, consumer goods, agricultural products, and metals and metal products. Major trading partners with this region are China, the United States, Slovakia, and Turkey, which together account for over 60 percent of foreign trade.

Foreign investments are mainly targeted on trade, the restaurant business, and the maintenance of mining equipment. The region's largest investment project with foreign capital (totaling \$2.8 million) is a joint venture, the "InvestEnerg" coal mine. Producers and distributors of mining equipment are active in the region, primarily German and British companies. "Barlows Tractor Sibir" company, a distributor of **Caterpillar** (Peoria, Ill.) equipment, has recently established an office in the city of Kemerovo, in addition to service centers in the Bachatsky and Mezhdurechensky districts of Kemerovo region.

### Best Prospects for U.S. Companies

Kemerovo maintains a high level of industrialization. Kuzbass holds potential for U.S. company participation. Export-oriented industries, including as coal mining and metallurgy, often attract foreign business. The best prospects for U.S. export and investments are mining equipment and services, modern technologies in coal mining, metallurgical equipment, telecommunication equipment and services, and food processing

*For a longer report, please visit **BISNIS Online** at [HTTP://BISNIS.DOC.GOV/BISNIS/COUNTRY/010306KEMEROVOGEN.HTM](http://BISNIS.DOC.GOV/BISNIS/COUNTRY/010306KEMEROVOGEN.HTM).*

*Azim Mamanov is the **BISNIS** representative in Novosibirsk.*

## AGENCY SPOTLIGHT

On May 8, 2001, the **World Bank** approved a second Health Sector Reform credit, totaling \$15 million, for Kyrgyzstan to further develop its health system. This project will continue the efforts initiated under the first Health Sector Reform Project (HSRP). Its focus will largely be on restructuring the health system, instituting quality improvements in the sector, improving the handling of communicable and non-communicable diseases, and promoting healthy lifestyles. The end goal is to provide a better quality of health care, that is both easily accessible and efficiently managed. *For more information, contact Ms. Roberta Lovatelli at the World Bank, tel. (202) 473-6043, or email at [RLovatelli@worldbank.org](mailto:RLovatelli@worldbank.org).*

The **Overseas Private Investment Corporation (OPIC)** recently granted a \$555,000 direct loan to Russia for the purpose of cataloguing Russia's archives and making them Internet-accessible. **Abamedia, L.P.** (Fort Worth, Texas) will use this loan to catalogue over 200,000 reels of film and 1 million photos and documents of the Russian State Archives of Film and Photo, located in Krasnogorsk. These archives detail the politics, wars, disasters, and trials of the former Soviet Union. Archive Media Project, Inc., Abamedia's joint venture with Russian media professionals, has, already catalogued more than 17,500 films in the archive's data base. These can be viewed at [WWW.RUSSIANARCHIVES.COM](http://WWW.RUSSIANARCHIVES.COM). *For additional information, visit [www.opic.gov](http://www.opic.gov).*

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## TRADE EVENTS CALENDAR

<b>International Exhibition of Vehicles and Accessories</b>	<b>August 29–31, 2001</b>	<b>Yuzhno-Sakhalinsk</b>
Organized by:	Sakhalin Expo	
Telephone:	+7 (4242) 74-11-42	
Facsimile:	+7 (8312) 74-11-42	
Email:	sakhexpo@sakhalin.ru	
Sectors:	automotive parts and accessories	
<b>Int'l Defectoscopy</b>	<b>September 3–6, 2001</b>	<b>St. Petersburg</b>
Organized by:	RESTEC	
Telephone:	+7 (812) 320-6363	
Facsimile:	+7 (812) 320-8090	
Email:	main@restec.spb.su	
Sectors:	non-destructive control and technical diagnostics	
<b>Kazmin &amp; Kazmet</b>	<b>September 5–7, 2001</b>	<b>Almaty</b>
Organized by:	ITE Group	
Telephone:	+44 (207) 596-5213	
Facsimile:	+44 (207) 596-5128	
Website:	WWW.ITE-EXHIBITIONS.COM	
Sectors:	mining and metallurgy	
<b>Advertising, Print, and Design</b>	<b>September 12–15, 2001</b>	<b>Samara</b>
Organized by:	EXPO-VOLGA	
Telephone:	+7 (8462) 99-39-93	
Facsimile:	+7 (8462) 99-37-22	
Email:	exvolga@transit.samara.ru	
Website:	WWW.KOLESO.RU\EXPO\VOLGA	
Sectors:	mass media services and equipment	

## CIS and Eastern Europe Business Forum 2001

**November 2–4, 2001**  
**University of Arizona, Tucson**

The forum will provide an up-to-date analysis of political, economic, and legal aspects of business ventures in the former Soviet Union, as well as Eastern Europe, and will present case studies of successful U.S. businesses and strategies for success.

If you are interested in being a presenter at the 2001 forum, contact Roza Simkhovich by email at [roza@dakotacom.net](mailto:roza@dakotacom.net) or by telephone/fax at (520) 298-6599.

For information on last year's conference, please visit [HTTP://RUSSIAN.ARIZONA.EDU](http://RUSSIAN.ARIZONA.EDU), then click on Business Forum 2000.

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