



# BISNIS BULLETIN

Published by the Business Information Service for the Newly Independent States (BISNIS)  
U.S. Department of Commerce • International Trade Administration



July 2001

## RETAIL TRADE GAINS MOMENTUM IN RUSSIA

by Olga Alexeitchik and Yelena Zheberlyaeva

Russia's retail sector is beginning to show signs of growth three years after the 1998 financial crisis. New retail centers are opening up in major cities as well as in more far-flung regions throughout the country. In Yekaterinburg alone, more than five new retail centers have opened in 2001, providing more shopping options for the city's 4.5 million inhabitants. Even with retail sales remaining low, U.S. companies can present an opportunity for U.S. companies to supply cash registers, security systems, fixtures, and other equipment.

### Russia's Retail History

Russia has been a promising market for consumer goods and retail distribution since the dissolution of the Soviet Union. Although the 1998 crisis took a heavy toll on retail trade, in the past year there have been a number of positive indicators for growth in the retail market. These include the availability of a greater variety of imports from around the world, complemented by increased local production and a greater willingness by the consumer to spend money. Recently, for example, the Swedish furniture manufacturer IKEA opened in Moscow and was immediately overwhelmed with shoppers.

To date, Russia has been slow to develop large retail chains and has focused primarily on small-scale retailing. This phenomenon can be ex-

(continued on p. 4)



Uzbekistan's Syrdarya Thermal Power Station

Photo provided by Jakhongir Malvany

## UZBEKISTAN UPGRADES POWER SECTOR

by Jakhongir Malvany

Uzbekistan, the largest producer of electricity among the Central Asian republics, achieved self-sufficiency in energy after gaining independence in 1991. However, maintenance of its power systems has deteriorated over the past years, and some generating units have ceased operation altogether. Much of the generation, transmission, and distribution equipment is outdated and extremely inefficient. Therefore, renovation of the energy sector is a priority task for the government of Uzbekistan. Several projects that involve foreign contractors or equipment suppliers are already underway in the electricity sector, with more upgrade projects in addition to partial privatization of the sector planned over the next several years. A new government program for reconstruction and development of energy generating capacities may present opportunities in Uzbekistan for U.S. firms with advanced business experience in the energy sector.

(continued on p. 5)

### In This Issue

Retail Trade in Russia  
Uzbek Power Sector Upgrade  
BISNIS Events  
Moldova's Medical Sector  
RFE Visa & Work Permit FAQs  
Regional Corner: Tomsk  
Oblast, Russia  
Agency Spotlight

## Sign Up Now for BISNIS' Catalog Show of Medical Equipment and Pharmaceuticals!

Chisinau, Moldova  
September 11–14, 2001

BISNIS will be displaying U.S. companies' product catalogs at the MoldMedizin and MoldDent trade show, September 11–14, 2001, organized by MoldExpo and Primus-Messen, GmbH with the support of Moldova's Ministry of Health. Products to be highlighted include medical equipment, apparatus, materials, pharmaceuticals, and medical IT.

*For additional information on Moldova's medical equipment and pharmaceuticals sector, please see the article on page 3.*

*For more information on participating in BISNIS' Catalog Show, please contact BISNIS Trade Specialist Melissa Walters by telephone (202) 482-2047, fax (202) 482-2293, or email, [melissa\\_walters@ita.doc.gov](mailto:melissa_walters@ita.doc.gov), or visit **BISNIS Online** at [WWW.BISNIS.DOC.GOV/MOLDOVA.HTM](http://WWW.BISNIS.DOC.GOV/MOLDOVA.HTM) (events).*

## 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:

202-482-4655 (phone) 202-482-2293 (fax)  
[bisnis@ita.doc.gov](mailto:bisnis@ita.doc.gov) (email)

To call BISNIS toll free, dial  
**1-800-USA-TRADE (872-8723)**  
press 4 and then press 2  
or visit the **BISNIS Online** website at  
[www.bisnis.doc.gov](http://www.bisnis.doc.gov)

**Acting Director** - Trevor Gunn

**Acting Deputy Director** - Tanya Shuster

**Managing Editor** - Melissa Walters

**Assistant Editors** - Ellen House, Jeffrey Kamins, Kelly Raftery

**Contributors** - Olga Alexeitchik, Iulian Bogasieru, Jakhongir Malvany, Azim Mamanov, Maksim Masharuyev, Elena Sabirova, and Yelena Zheberlyayeva

*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 AT IT/TELECOM EVENT

On June 24–26, BISNIS participated in the U.S. Trade and Development Agency's "Making Connections with Eurasia" conference, held in Brussels, Belgium. The conference addressed 25 newly researched communication and IT infrastructure projects from the NIS and Turkey, including privatization/network operators, Internet infrastructure equipment sales, web security hardware, customer relationship management, and more. More than 160 public and private sector attendees were present, including the 12 ambassadors and commercial/economic officers from each featured country. BISNIS Acting Director Trevor Gunn presented an overview of the IT and telecom sectors within the region. Other speakers included A. Elizabeth Beth Jones, U.S. Assistant Secretary of State for Europe, and Richard Morningstar, U.S. Ambassador to the European Union, *For more information, visit **BISNIS Online** at [WWW.BISNIS.DOC.GOV/TDABRUSSELS.HTM](http://WWW.BISNIS.DOC.GOV/TDABRUSSELS.HTM).*

## BISNIS HOSTS KAZAKH GROUP

On June 19, 2001, BISNIS hosted a Kazakh delegation sponsored by the U.S. Department of State's International Visitor's Program including: Tlek Alzhanov, Director, Investment Committee, Ministry of Foreign Affairs, Yuri Obidin, Deputy Mayor, Ust-Kamenogorsk; Larissa Pak, Manager, Public and External Affairs, International Trade and Exhibitions (ITE); and Dauren Yerdebay, Deputy Head, External Aid Coordination Division, Investment Policy Department, Ministry of Economy and Trade. Each delegate spoke to over 40 U.S. companies, spanning such topics as the current trends in technical aid, mineral resource development, and trade show participation. Following this was a brief question-and-answer period addressing topics including Kazakhstan's trade relationship with Russia, Kazakhstan's strategy for further Asian Development Bank loans, and the state of Kazakhstan's aviation industry.

### READER ALERT: *Visa Procedures in Kyrgyzstan*

Visa regulations for U.S. business and leisure travel to Kyrgyzstan will remain in effect. Visa regulations for U.S. diplomatic travel to Kyrgyzstan will be lifted as of July 1, 2001. Please visit the Embassy of Kyrgyzstan to the United States and Canada at [WWW.KYRGYZSTAN.ORG](http://WWW.KYRGYZSTAN.ORG) for complete, up-to-date information on visa regulations for travel to Kyrgyzstan.

# OPPORTUNITIES GROW IN MOLDOVA'S MEDICAL SECTOR

by Iulian Bogasieru

Moldova's health care system has been in a gradual state of reform for the past several years. The collapse of Moldova's state-run health care system, the decline in living standards, and the lack of proper funding have all contributed to the low level of health care, the poor condition of health care facilities, and the return of long-forgotten diseases. With primary medical assistance seen now as the foundation of Moldova's new health care system, a significant amount of funds will be channeled into primary medical care centers.

Opportunities for medical equipment companies will broaden once the recently granted \$20 million Health Care Investment Project financed by the World Bank and the government of the Netherlands begins implementation. About 150 health care facilities providing primary medical care and emergency assistance will be renovated as part of this project. A total of \$20 million will be disbursed over five years as follows: \$13 million for acquisition of medical equipment, \$3.5 million for the refurbishing of health care facilities and \$1 million for training. The funds will be distributed through the Health Investment Fund, currently managing the project.

## Medical Equipment

Until recently, Soviet-made equipment was the only medical equipment available in Moldovan hospitals. Humanitarian assistance from Western Europe, the United States, and Japan, and the transition to an open-market economy, brought the first Western-made equipment to Moldova. In 2000, almost 80 percent of medical equipment imported into Moldova were a result of humanitarian donations, with the United States supplying 92 percent of those donations. In 2000, the size of the medical equipment market was estimated at \$15 million. The Ministry of Health has licensed 22 companies to import, sell, and repair medical equipment and devices in Moldova. Most of these companies also sell other medical-related items, albeit infrequently. Moldovan medical equipment producers provide insignificant quantities, if any, of medical devices. There are five Moldovan companies that can manufacture medical devices, yet their presence in the market is small. The level of advanced technology in Moldova still lags behind Western industrial practices.

Several foreign medical equipment companies have either opened offices or use local dealers in Moldova. Among them is Global Biomarketing Group, which represents: **Global Biomarketing Group** (Palo Alto, Calif.), **Diagnostic System Laboratories** (Webster, Texas), **Awareness Technology** (Palm City, Fla.), and others.

## Pharmaceuticals

Moldova's pharmaceuticals market represented almost \$11.7 million in 2000. By the end of 2000, the National Pharmacy Institute registered 4,006 medicines for use and commercial sale in Moldova, 95 percent of which were imported.

Moldova has about 220 licensed pharmaceutical distributors, but only 60 are actually in operation. There are roughly 1,000 pharmacies in Moldova, half of which are located in the capital city, Chisinau.

The largest local pharmaceutical company is Farmaco S.A. In 1998, Florida-based **Europharm Inc.** bought 84 percent of the state-owned company. Farmaco S.A. offers roughly 300 types of medicines, including antibiotics, analgesics, unguents, and syrups based on natural extracts. Other pharmaceutical producers include the German-Moldovan joint venture Perfuzon and 10 other small firms that produce tinctures or other solutions that are not produced by Farmaco.

## Best Prospects

The best sales potential in Moldova for medical equipment exists in laboratory equipment and test kits, electrocardiographs, sterilizers, dental equipment, radiology, and ultrasound equipment. In the pharmaceuticals market, the best sales opportunities are in insulin, vitamins, cardiovascular medicines, and antibiotics. U.S. companies interested in testing the market may wish to participate in BISNIS' catalog show for U.S. product literature at the annual MoldMedizin and MoldDent trade show in Moldova this fall (*please see page 2 for more information*).

## Market Obstacles

Both the medical equipment and pharmaceuticals market have been plagued by difficulties, including low funding for health care facilities, lack of coherent government policy in the health care sector, shadow economy imports, unauthorized sales of medicines without proper registration, delays in salary payment for professional staff, sale of medicines without doctor's prescriptions, insufficient market data, and the low quality of medical services.

## Registration and Certification Procedures

The registration and certification procedure for the import of medical equipment and pharmaceuticals may take anywhere from one to six months and costs a flat fee of \$600. The registration certificate must be renewed every five years. Interested U.S. companies should check with the Moldovan Ministry of Health to verify additional certification requirements for export of medical equipment and pharmaceuticals to Moldova. Medicines and medical equipment are exempt from VAT and import tariff fees. Donated equipment is exempt from any taxes.

*For a longer report on the medical sector in Moldova, including information on the **BISNIS** catalog show as well as registration and certification procedures, visit **BISNIS Online** at [www.BISNIS.DOC.GOV/MOLDOVA.HTM](http://www.BISNIS.DOC.GOV/MOLDOVA.HTM).*

*Iulian Bogasieru is the **BISNIS** representative in Chisinau, Moldova*

*(RETAIL IN RUSSIA, continued from p. 1)*

plained by the relatively low profitability of the retail sector compared to such industries as oil and gas, construction, or real estate. Another reason for the slow development of retail chains is the inevitable visibility of large retail enterprises, which results in a high tax burden, compared to the less visible market stalls and smaller shops.

Retail has been a sector in transition for much of the last decade in Russia. Despite the overall growth of the retail market in Russia, small-scale commercial outlets continue to dominate shopping and purchases. Most people today buy food and necessities in smaller shops, open-air markets, and kiosks. It is estimated that only 6 percent of Russian customers do shopping in larger retail outlets such as supermarkets or department stores. As the retail sector continues to grow, large retail complexes are being developed and even smaller retailers have found themselves pressured by market forces to update and upgrade equipment and fixtures.

### **The Market for Retail Equipment**

The market for retail trade outlet equipment began its rapid development in the early 1990s and was dominated by imports. In the early 1990s, Russia's first self-service retail outlets began to appear in many cities, and with modern retailing appeared a new demand for modern fixtures. As the retail sector shifted from the overstaffed, cumbersome "three lines" system of doing things—requiring customers to maneuver through separate lines to place, pay for, and pick-up orders—new display units, shelving, baskets, and other accessories were needed to facilitate cash-and-carry operations. Moscow quickly became the center for retail trade fixture and equipment distribution, with regional companies purchasing imported equipment that had already cleared customs and transporting it to regional centers.

The 1998 financial crisis, and subsequent ruble devaluation and drop in imports, provided domestic manufacturers an opportunity to become more competitive in the market. Display shelves and refrigeration and cooling fixtures are all items currently produced by local enterprises.

The majority of supermarkets and larger retailers prefer to install reliable equipment and are willing to pay higher prices for quality assurance and post-sale services. Local companies will rely on the opinions of their colleagues when choosing equipment for their businesses. Good word-of-mouth advertising can be generated by, for example, providing additional services. This can help to make the first sale of an unknown brand successful. Equipment produced in Western Europe and Asia is generally considered high quality and reliable and is the primary competition for U.S. companies. While U.S. equipment is considered of good quality, the distance and costs associated with shipping, communication, and post-sales servicing remain problematic in comparison to the competition. U.S. companies should be aware of these issues and be prepared to compensate for them in this market.

### **Opportunities for U.S. Companies**

The recent blossoming of retail trade presents some opportunities for U.S. manufacturers of a variety of equipment used by shops, supermarkets, and malls. Among the best prospects for U.S. companies are point-of-sale (POS) terminals, display units and shelves, refrigerator and freezer units, vending machines, and security systems.

Display units and shelving for smaller shops, as well as adjustable shelving units, are particularly popular in Russia among smaller retailers trying to adjust to odd-shaped retail spaces. Cash registers are also a good bet for U.S. companies, although there is tough competition from European and Asian vendors. Another product, vending machines—which are relatively new in Russia and throughout the NIS—have shown promise in recent months. U.S. manufactured security systems are also particularly popular among retailers. In the Urals, **Sensormatic** (Boca Raton, Fla.) is a leading company in this market sector. The security system market in Russia is estimated at over \$1 million per year.

These are just some of the ways that U.S. companies can take advantage of entering this small but growing market in Russia in retail trade fixtures and equipment.

*For a longer report on retailing in Central Russia, visit **BISNIS Online** at [www.BISNIS.DOC.GOV/BISNIS/ISA/ISA-CONS.HTM](http://www.BISNIS.DOC.GOV/BISNIS/ISA/ISA-CONS.HTM).*

*For a longer report on the retail trade equipment market in the Urals, visit **BISNIS Online** at [www.BISNIS.DOC.GOV/URALS.HTM](http://www.BISNIS.DOC.GOV/URALS.HTM).*

*Olga Alexeitchik is a **BISNIS** representative in Moscow. Yelena Zheberlyaeva is the **BISNIS** representative in Yekaterinburg.*

## **Find Export & Trade Finance with *BISNIS FinanceLink***

Since June 1998, the BISNIS FinanceLink program has been assisting U.S. exporters in finding trade finance for export and investment projects in Russia and the NIS by distributing project summaries to over 650 finance service providers.

U.S. companies may participate in BISNIS FinanceLink free of charge by filling out the project summary form located at [WWW.BISNIS.DOC.GOV/BISNIS/FINLIN3.HTM](http://WWW.BISNIS.DOC.GOV/BISNIS/FINLIN3.HTM).

Also, a checklist of key items that finance providers look for is available at [WWW.BISNIS.DOC.GOV/BISNIS/BULLETIN/013BULL5.HTM](http://WWW.BISNIS.DOC.GOV/BISNIS/BULLETIN/013BULL5.HTM) and can assist you in fine-tuning your application.

*For additional information contact BISNIS Trade Specialist Philip de Leon at tel. (202) 482-2109, fax (202) 482-2293, or email [Philip\\_de\\_Leon@ita.doc.gov](mailto:Philip_de_Leon@ita.doc.gov).*

(*UZBEK ENERGY, continued from p. 1*)

### **The CAPS System**

Uzbekistan is part of the united Central Asia Power System (CAPS) developed during Soviet times. CAPS was completed in 1991 after the construction of an electricity ring. Currently, the main transmission lines link the power systems of southern Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan. Uzbekistan generates 51 percent of the total power in the CAPS, Tajikistan, 15 percent; the Kyrgyz Republic, 14 percent; Turkmenistan, 11 percent; and southern Kazakhstan, 9 percent. The Unified Dispatch Center (UDC) is located in Tashkent, and is responsible for maintaining operation of the power transmission and distribution systems of these five countries.

Most equipment for power generation was produced in Russia and other former Soviet republics, and in Central and Eastern Europe. The physical condition of the CAPS and the UDC has deteriorated to an extent that makes it difficult to maintain reliable operation and develop a responsive regional wholesale power market without significant investment to rehabilitate the infrastructure. The current technical state is inadequate for modern metering and telemetering, telecommunications, frequency control, information systems, and supervisory control and data acquisition. There are currently no manufacturing facilities in Uzbekistan for the production of equipment used in power generation and transmission.

### **Production Profile**

The installed capacity of the country (11,200 MW) originates from 37 power plants, including 18 thermal power plants with a total capacity of 9,800 MW and 28 hydroelectric power stations with a total capacity of 1,400 MW. The country has no nuclear power plants. Uzbekistan produces approximately 48,000 GWH of electricity annually, while consuming almost all electricity domestically. Uzbekistan exports only about 1,000 GWH of electricity abroad, generally to Tajikistan and Kyrgyzstan. Rather than export electricity, Uzbekistan exports its abundant raw materials, especially natural gas.

Electricity in Uzbekistan comes primarily from thermal plants powered by natural gas, including the Syrdarya (3,000 MW), (*see picture, p. 1*), Tashkent (1,860 MW), and Navoi plants (1,250 MW). The Talimardjan thermal power station with its unique 800 MW turbines is currently undergoing construction. The most significant coal-powered facilities are two power plants in the vicinity of the Angren mine near Tashkent, including Novo-Angren (2,100 MW). Nearly 12.5 percent of electricity in the country is produced at 28 hydroelectric plants, the largest being the Charvak power plant (620 MW).

### **Government Policy**

The energy sector in Uzbekistan is entirely state-owned. Electric power generation was controlled by Uzbekistan's Ministry of Power Engineering and Electrification until February 2001 when, according to a government decree, the ministry was transformed into the Uzbekenergo joint-stock

company. However, its actual status, functions, and structure did not change significantly. In 2001, growing demand for electricity and depreciation of existing power generating facilities in the country motivated the government to develop a long-term program for the reconstruction and development of the sector for 2001–10. This program aims to extend the life of current power plants, as well as to increase their generating capacities.

In March 2001, the government issued a new program for the privatization of four major power plants. The government will offer 48 percent stakes of Syrdarya Hydro Power Station, Tashkent Thermal Power Station, Fergana Thermal Power Station, and the Mubarek Thermal Power Station. International consultants may be involved in asset evaluation, premarketing, and sales assignments. The government expects to complete privatization of these plants by the end of 2002. However, the government's reluctance to relinquish management or distribution control of the plants, may hinder the sale of shares.

Major involvement of foreign consultants, contractors, and suppliers is expected for the maintenance, reconstruction, and development of the power generation and transmission facilities. The procurement of foreign contractors for each project will be implemented through an open tender process. However, a bidder with an attractive proposal for financing sources, such as a long-term loan arrangement, can apply for exceptional preferences in the tender. Tenders for each project and assignment will be announced in the domestic and international press.

### **IFI Involvement**

International financial institutions (IFIs) actively support projects in Uzbekistan's energy sector. Investing through an IFI is one way for U.S. companies to protect themselves against potential complications which may arise due to the lack of currency convertibility of the Uzbek som. In 1999, Germany's Siemens won the tender for the reconstruction of two (out of ten) turbines of the Syrdarya Thermal Power Station. The project, funded in part through a \$30 million European Bank for Reconstruction and Development (EBRD) loan will increase the plant's capacity by 600 megawatts. Another German company, ABB Kraftwerker Berlin, together with a local partner, won a tender for the repair of steam turbines, pumping equipment, and generators at the Novo-Angren power station. In April 2001, the Asian Development Bank (ADB) launched a \$1.18 million technical assistance program for preparation of the Regional Power Transmission Modernization Project in the Central Asian republics.

*For a longer report on energy in Uzbekistan, visit **BISNIS Online** at [WWW.BISNIS.DOC.GOV/BISNIS/ISA/ISA-ENERGY.HTM](http://WWW.BISNIS.DOC.GOV/BISNIS/ISA/ISA-ENERGY.HTM).*

*Jakhongir Mavlany is a commercial assistant for the U.S. Commercial Service at the U.S. Embassy in Tashkent.*

**TRICKS OF THE TRADE****FAQs ON VISA AND WORK PERMITS ON SAKHALIN ISLAND**

by Elena Sabirova

This article addresses frequently asked questions (FAQs) about traveling to, and working on, Sakhalin Island in the Russian Far East. These tips are basic guidance only; all travelers are advised to verify and obtain complete information on visa and work permit procedures with the appropriate Russian government offices prior to application.

**Do U.S. citizens need visas to enter Russia?** Yes. A U.S. citizen must obtain a visa from a Russian diplomatic representative in the United States to enter Russia. There are a number of different types of visas, including tourist visas, homestay visas, and business visas.

**How do I apply for a business visa?** To complete the visa process, a traveler must submit an application, photos, and more. A complete list of requirements may be found via the Russian Embassy in Washington, D.C., at [WWW.RUSSIANEMBASSY.ORG](http://WWW.RUSSIANEMBASSY.ORG). Travelers are advised to confirm procedures with the specific Russian consulate through which they will process their visa.

**What is a "letter of invitation?"** To obtain a visa, one must have a "sponsoring organization" (a local company, non-governmental organization, branch of a foreign company, or any organization registered with the Ministry of Foreign Affairs (MFA) and eligible to receive its Consular service). The sponsoring organization must apply on the traveler's behalf to the local MFA and, if approved, the latter issues a standard document called a "letter of invitation" in the name of the applicant. The sponsoring organization then faxes the MFA's letter to the Russian consulate or embassy where the traveler will complete the visa process, as specified within the visa application. In specific cases, the original invitation letter may be forwarded by the MFA itself to that consulate or directly to the traveler.

**How can I make the visa process go smoothly?** Travelers are advised to be as accurate as possible in specifying the purpose of travel. The MFA issues a visa according to its own internal regulations, comparing the purpose of stay to official tables, which specify the types of visas possible under different situations. If the MFA discovers the purpose of a traveler's stay was not that which was initially indicated, subsequent Russian visa applications may be rejected.

The commercial purposes for entering Russia are divided into two different categories: business and foreign employment. On business travel, one can obtain a single or double (entry-exit) visa (valid up to 3 months) or a multiple entry-exit visa (valid up to 12 months). Foreign employees can obtain either an entry visa or an entry-exit visa. On an entry

visa, a foreign employee may register and apply for permanent residence. The entry-exit visa is valid up to three months and may be extended by appealing to the local Office for Visa and Registration (OVIR) well in advance.

**Members of our personnel are located in the U.K. Should they apply to the Russian consulate in London to get their visas?** One can apply and pick up his or her visa at any Russian consulate or embassy, anywhere in the world. The sponsoring company or organization must send the letter of invitation to the appropriate consulate or embassy.

**Does a traveler need to apply for an exit visa?** Business visas issued by Russian consulates and embassies on the basis of an MFA letter of invitation are "entry-exit" visas. If a traveler has obtained a multiple-entry visa, he can enter and exit Russia as many times as possible within the time period that the visa is valid (3 months, at most).

**What do I have to do after I arrive in Russia?** Registration of the visa is required within three days of arrival in Russia via the hotel(s) where the traveler is staying or directly with the local OVIR.

**What is a work permit and how do I get one?** Those travelers entering Russia to work as a foreign employee must obtain a work permit upon arrival. The sponsoring organization applies for a work permit to the local office of the Federal Migration Service; the work permit is called in Russian a "confirmation of the right of labor activity." Skilled foreign laborers holding professional degrees or certificates may apply for a work permit directly.

**How long is a work permit valid?** A work permit is valid for a year, although it may be extended. However, a multi-entry visa cannot be extended. Work permit applications may be obtained at Migration Service offices.

The Sakhalin branch office of the MFA has announced some changes and improvements in the procedure for multi-entry one-year visa processing. Previously, all foreigners with multi-entry visas had to leave the country at the end of the year and apply for the next multi-entry visa from abroad. Now, those who have a valid work permit may apply for a new multi-entry visa without leaving Russia.

For a more information on visa issues in Russia, visit **BISNIS Online**, at [WWW.BISNIS.DOC.GOV/RUSSIA.HTM](http://WWW.BISNIS.DOC.GOV/RUSSIA.HTM).

Elena Sabirova is the **BISNIS** representative in Yuzhno-Sakhalinsk.

## REGIONAL CORNER: Tomsk Oblast, Russia

by Azim Mamanov and Maksim Masharuyev

The Tomsk region with a population of 1,075,000, located in southwestern Siberia, occupies an area of slightly larger than the state of New Mexico (317,00 sq. km). The region's center is the city of Tomsk (population 500,000) and the second largest city is Seversk (population 124,000). The Tomsk region is rich with natural resources, including oil, gas, hydrocarbons, timber, ores (iron, vanadium, titanium, zirconium, silica sands), and peat.

### Major Industries

The oil and gas industry drives the economy of the Tomsk region. More than 70 percent of the industrial activity in Tomsk is concentrated among the industries of fuel production, chemicals and petrochemicals, and electrical engineering. The remaining 30 percent of industry is divided up among machine building, food processing, construction materials, forestry and woodworking, pharmaceuticals, instrument-making, and electronics.

The leading industry in the region is fuel, employing approximately 7,000 of the area's residents. The main companies in the industry are VNK (Vostochnaya Neftyanaya Kompania) and Vostokgazprom. The chemical and petrochemical industry is represented by the Tomsk Petrochemical Plant and the Siberian Chemical Plant. The Tomsk Petrochemical Plant is effectively the only enterprise producing methanol in the West Siberian Region. The Siberian Chemical Plant is also a nuclear center, experienced in the industrial processing of fissionable substances and the operation of nuclear power reactors and plants. The electric engineering industry is represented by the TomskEnergo company.

The machine-building industry includes the production of a wide range of products, such as cables, wires, lamps, electric motors, mining equipment, ball bearings, multipurpose power supplies, communication facilities, and equipment. The food processing industry produces meat, sausages, dairy products, butter, cheese, canned products, confection-

ery products, bread and bread products, mayonnaise, flour, and beer. Leading products in the construction materials industry are bricks, gravel, slabs, wooden and metal items, and reinforced concrete. Nearly 50 companies are involved in timber processing in this region, including Narymsk Timber, Ketsk Timber, and Tomsk Timber. The chemical and pharmaceutical industry is represented by the Tomsk Chemical and Pharmaceutical Plant, and VIRION. The region also includes the instrument-making and electronics industries.

### Foreign Trade and Investment

The United States is the main trading partner of the region. Exports are a large portion of this region's economy (82 percent). The main products exported from the region are oil, methanol, electric motors, timber and wood products, machines and equipment, bearings, cables, and wires. Products such as meat and meat products, fruits, teas, grains, vegetables, pharmaceuticals, industrial equipment, and metals are mainly imported. In 1998, foreign investment into Tomsk totaled \$96.9 million. Following the financial crisis, this number dropped to \$18.5 million, though has recovered in 2000, rising to \$25 million. Recently, Tomsk has become host to the Regional Initiative program, a partnership between the U.S. State Department and the Russian government to encourage and support democratic and market reform.

Joint ventures registered in the Tomsk Region are mainly involved in oil and gas, woodworking industries, and natural resources mining. U.S. presence in the region spans across several industries, including such companies as **ICN Pharmaceutical** (Costa Mesa, Calif.), **Coca-Cola**, **Procter and Gamble**, **Caterpillar**, and others.

For a more information on the Tomsk region, visit **BISNIS Online** at [WWW.BISNIS.DOC.GOV/SIBERIA.HTM](http://WWW.BISNIS.DOC.GOV/SIBERIA.HTM).

Azim Mamanov is the **BISNIS** representative in Novosibirsk. Maksim Masharuyev is the **BISNIS** representative in Tomsk.

## AGENCY SPOTLIGHT

The **Multilateral Investment Guarantee Agency (MIGA)**, an arm of the World Bank, has announced a \$61 million guarantee to insure against political risk for investment in the upgrade of three newly privatized electricity companies in Moldova. This project aims to reduce technical and commercial energy losses resulting from poorly maintained equipment and inefficient revenue collection. The International Finance Corporation and the European Bank for Reconstruction and Development are each lending \$25 million to this project. For more information, contact Angela Gentile-Blackwell at [agentileblackwell@worldbank.org](mailto:agentileblackwell@worldbank.org).

The **World Bank** has approved a \$64.5 million loan for Kazakhstan's Syr Darya Control and Northern Aral Sea Phase-I project. The goals of this project are to sustain and increase agriculture, livestock, and fish production in the Syr Darya basin while also further securing the environmental integrity of the Northern Aral Sea and its surrounding delta, further aiding in improved human and animal health. The project will encompass environmental rehabilitation, resource restoration, project monitoring and evaluation, and project management and institutional development.

For more information, visit [WWW.WORLDBANK.ORG](http://WWW.WORLDBANK.ORG).

Sender **BISNIS**  
USA Trade Center  
**U.S. DEPARTMENT OF COMMERCE**  
Stop R-BISNIS  
1401 Constitution Ave., NW  
Washington, DC 20230

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

OFFICIAL BUSINESS  
Penalty for Private Use, \$300

## TRADE EVENTS CALENDAR

<b>AutoSalon</b>	<b>August 23–29, 2001</b>	<b>Moscow</b>
Organized by:	ITE Group	
Telephone:	+44 (020) 7596-5000	
Facsimile:	+44 (020) 7596-5111	
Email:	enquiry@ite-exhibitions.com	
Website:	WWW.ITE-EXHIBITIONS.COM	
Sectors:	automotive	
<b>International Heat &amp; Vent Kazakhstan</b>	<b>September 5–8, 2001</b>	<b>Almaty</b>
Organized by:	ITE Group	
Telephone:	+44 (020) 7596-5000	
Facsimile:	+44 (020) 7596-5111	
Email:	building@ite-exhibitions.com	
Website:	WWW.ITE-EXHIBITIONS.COM	
Sectors:	heating and ventilation products	
<b>CIS Offshore</b>	<b>September 11–14, 2001</b>	<b>St. Petersburg</b>
Organized by:	Restec Exhibition Company	
Telephone:	+7 (8123) 20-63-63	
Facsimile:	+7 (8123) 20-80-90	
Email:	main@restec.spb.su	
Website:	WWW.RESTEC.RU	
Sectors:	offshore oil and gas resources	
<b>Food and Beverage Expo</b>	<b>September 18–21, 2001</b>	<b>Vladivostok</b>
Organized by:	U.S. Foreign Agricultural Service	
Telephone:	(202) 690-1858	
Facsimile:	(202) 690-3982	
Email:	hawthornem@fas.usda.gov	
Website:	WWW.USDA.GOV	
Sectors:	agribusiness	

### **Oil and Gas Roundtable:** *Exporting Caspian Oil and Gas through Russia*

**September 18–19, 2001**  
**Moscow, Russia**

Organized by: RPI Inc. and the CWC Group

Confirmed guest speakers include:

- V. Kalyuzhny, Special Russian Presidential Envoy to the Caspian Region
- S. Vainshtok, President, Transneft
- T. Kulibayev, Chairman, Kazakh national company Oil and Gas Transport

Topics to be discussed include government policy, legal regulations, investment options, and transit routes related to Caspian oil and gas export.

*For more information, contact Alex Chorine at RPI by tel. (818) 343-8474, fax (818) 343-8475, or email at [caspian@rpi-inc.com](mailto:caspian@rpi-inc.com).*