



# ***BISNIS BULLETIN***

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



July 2002

## **FOSTERING BUSINESS THROUGH SISTER CITIES RELATIONSHIPS**

by Philip H. de Leon

U.S. companies interested in pursuing economic and business opportunities in Eurasia might want to consider capitalizing on existing relationships with this region that have started close to home. One such relationship is that of a sister city, county, or state, which is a broad-based, officially approved, long-term partnership between two communities, counties, or states in two countries, for example, Seattle, Wash., and Tashkent, Uzbekistan, or the state of Iowa and the Cherkassy region of Ukraine. Hundreds of such relationships have already been established and have created numerous contacts, cross-cultural experience, and abundant goodwill between communities in the United States and Eurasia. Great examples of friendship generated through these programs include residents of Duluth, Minn., sending small amounts of money to and corresponding with orphans in Petrozavodsk, Russia; and the city of Dushanbe, Tajikistan, donating an original teahouse to the people of Boulder, Colo., so that they could gather in an authentic Tajik environment.

In general, sister city partnerships strive to increase global cooperation, promote cultural understanding and trust, and stimulate economic development by involving local governments, businesses, and a wide variety of citizen vol-

unteers including civil society and non-profit organizations. They are recognized, registered, and coordinated by Sister Cities International (SCI), which is a national membership association for sister city, county, and state

programs in the United States. Anything that goes on in a community can become the subject of a sister city project, including health care, environment, arts, education, economic and business development, public safety, municipal training, youth, and much more. Some of these relationships already include a business-focused component that helps foster trade or contacts between companies, and for others, the potential exists. "Of all the things we can do to strengthen people-to-people relations between sister cities, specifying and achieving measurable objectives, as required in running a for-profit business, ranks way up there," said Richard Fitts, former president of the Rochester (NY)-Velikiy Novgorod (Russia) partnership.

### **Existing Partnerships and Concrete Achievements**

Interested U.S. companies should consider such partnerships as a starting point to learn more about existing business relationships, established contacts, and the acquired experience. The following are some examples of business events that took place within the framework of sister city relationships.

- The sister city agreement between Rochester, NY, and Velikiy Novgorod, Russia, which received the support of local officials and a former **Kodak** executive in 1993, assisted in forming a for-profit corporation that today has 27 retail photographic stores in several Russian cities. This example of the successful creation of a private commercial enterprise is managed by Russians, has more than 100 employees, and serves 150,000 customers with a focus on quality, customer service, and good employee relations.
- The state of Maryland hosted Leningrad Region

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**APEC Investment Forum/  
InvestMart 2002**  
September 4–7 and 9–12, 2002  
Vladivostok, Russia

Sponsored by: the Asian-Pacific Economic Cooperation (APEC) organization, the Russian Federation government, and the Vladivostok and Primorsky Krai administrations

For more info., visit [www.vladforum2002.com](http://www.vladforum2002.com)

**7th Annual AHWG Meeting**  
September 17–19, 2002  
Anchorage, Alaska

The meeting will bring together U.S. and Russian business and NGO representatives as well as local and regional government officials from both countries to discuss regional cross-border cooperation, resource development and business opportunities in Pacific Russia energy markets.

Organized by: U.S. West Coast–Russian Far East  
Ad Hoc Working Group (AHWG)

For more information, contact Basia Kielska at  
tel: (206) 770-4001 or email: [basiak@fraec.org](mailto:basiak@fraec.org)  
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**BISNIS**  
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BISNIS is the U.S. government's primary market information center for U.S. companies exploring business opportunities in Eurasia. Operated by the Market Access and Compliance unit of the International Trade Administration, BISNIS disseminates information in print form, electronically, and through consultations by its staff of trade specialists. For more information, 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.*

## RUSSIA GAINS MARKET ECONOMY STATUS

In June 2002, the U.S. Department of Commerce (DOC) announced that it was revoking Russia's non-market economy (NME) status under U.S. anti-dumping law. The DOC found that Russia has operated as a market-economy country, effective April 1, 2002, and that this finding will be effective for all future administrative proceedings.

This decision was made at the request of two Russian companies, Novolipetsk Iron and Steel Corp. and JSC Severstal, and was supported by the Russian government. In conjunction with reviewing Russia's non-market economy status, the DOC was required to take into account six statutory factors: (1) the degree of currency convertibility, (2) free wage rate determination, (3) foreign investment, (4) government ownership or control of production, (5) government ownership over the allocation of resources, and (6) other appropriate factors.

The DOC review found that: the Russian ruble is convertible for investment purposes, fully convertible for trade pur-

poses, and the exchange rate is market-based; wages are market-based; foreign investment is permitted and encouraged; prices for the vast majority of goods and services are not subject to price controls and respond to the forces of market supply and demand; Russian privatization has been comprehensive and has placed the great majority of industry, property, and assets in the hands of the private sector. The review also noted concern that the pace of industrial restructuring has recently been slow, banking reforms have lagged, and energy prices remain regulated.

The impact of the ruling on Russia's market economy status is that the calculation of dumping for products from Russia in future anti-dumping proceedings will be determined by using a normal value (market economy) methodology based on prices and costs within Russia, rather than a factor valuation (non-market economy) methodology based on costs in a similar "surrogate" market economy country.

**Correction:** In the May 2002 issue of the *BISNIS Bulletin*, the article on Country Development Gateways did not include the website for Uzbekistan's gateway site, which can be found at [www.uzbekgateway.uz](http://www.uzbekgateway.uz).

## BISNIS INTERVIEW: INSIGHT INTO THE RUSSIAN EQUITY MARKET

*Patricia Cloherty, chairman of Delta Capital (www.deltacap.ru), a leading private equity manager, talked to BISNIS Bulletin managing editor Ellen House about the climate for business and venture capital in Russia, lessons learned, and more. In 1995, the President appointed Ms. Cloherty chairman of The U.S. Russia Investment Fund, which received a commitment of \$440 million from the U.S. Government to make equity capital, loans, and technical assistance available to private businesses in Russia. Delta Capital was established in 1999 to manage the Fund's portfolio.*

*Ms. Cloherty's experience and activities are so extensive and impressive that it is impossible to do them justice here, but she is a leading voice on venture capital, entrepreneurship, and emerging markets, including Russia. Highlights of her career include: co-chairman, president and general partner of Apax Partners Inc., an international private venture capital company with \$8 billion under management; past president and chairman of the National Venture Capital Association; deputy administrator of the U.S. Small Business Administration; various company directorships especially in the biotech sector; and trustee for several organizations including the Kauffman Center for Entrepreneurial Leadership.*

### **Can you summarize Delta's major accomplishments to date?**

The Fund aimed to inspire Russian companies to be creative, efficient, and profitable, all of which are necessary for the development of capitalism. To date, the Fund has invested \$206 million in 41 companies, and currently some 28 companies are in the portfolio. Delta has a presence in Moscow, St. Petersburg, Nizhny Novgorod, Yekaterinburg, and Vladivostok. Part of our central mission is human technology transfer; currently, 13 of 19 financial professionals working for Delta are Russian.

### **How has Delta adjusted to the changing Russian economic/business climate?**

There have been three phases in the development of Russian business that have dictated how we have operated.

Phase 1, from 1995 to the financial crisis of August 1998, was a rough-and-tumble period. Companies and assets were overvalued, and business was highly speculative. The country was "sorting itself out." This was a difficult period with few real opportunities.

Phase 2, from end of 1998 to the present was a period when the system was purged as a result of the financial crash. It was a watershed period of economic adjustment. Most local and international players fled the investment scene, the country developed import substitution, and some new or stronger companies were formed out of the rubble. Also, Putin came in and, unlike Yeltsin, paid visible attention to the interests of business, taking on the oligarchs and passing major legislation affecting the economic/business climate, including reducing corporate and individual taxes.

Phase 3 is beginning now. Delta is in the process of raising private capital to fulfill the Fund's mandate to leverage its initial U.S. government grant. In addition, it is working to create an institution to train Russian managers—this is separate from our venture capital efforts but important to the future of Russian business. The nonprofit Delta Institute for Entrepreneurship in Russia will focus on training of "high growth" entrepreneurs. The new institute will be Russian in character and will create training modules that are generic enough to be used by a wide variety of businesses.

### **Which sectors in Russia do you see as offering most attraction for equity financing?**

After 1998, Delta focused on three areas for building its portfolio in Russia:

1. Financial services. Russia had (and still has) very little in the way of financial services in place, and it is an area of huge demand. Delta looked at possible acquisitions and found nothing attractive so decided to get a clean start. It incubated its own financial institutions. The Fund now owns a mortgage bank—DeltaCredit, an equipment leasing company—DeltaLeasing, and a commercial bank—DeltaBank.

2. Consumer products and consumer products distribution. The nascent and growing middle class in Russia needs products and services, so this is a major growth area. The Fund was an early backer of a joint venture involving the Russian Orthodox Church, which created St. Springs bottled water, now a successful brand. In another deal, the Fund invested in a Russian franchise for the Dutch grocery store Spar, which opened its flagship store in Moscow in September. In St. Petersburg, the Fund has an interest in the Radisson SAS Royal Hotel and the Lomonosov porcelain factory. Also, it has been investing in a number of companies involved in logistics, e.g., inventory and shipping.

3. TMT (telecom, media and technology). Delta has structured investments in a cable TV operation and two TV stations, which are doing well as advertising revenues pick up, as well as stakes in Internet service provider port.ru, Cybiko—a wireless telecom platform with AOL, and Agar, a financial software company serving financial institutions involved in trading currency.

Delta receives some 500 proposals a year, with 300 of these in two of the areas mentioned (not financial services). It is also open to other sectors opportunistically.

### **How do venture capitalists deal effectively with a lack of exit mechanisms in Russia?**

Liquidity is a problem in Russia and limits available exit

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*(SISTER CITIES, continued from p. 1)*

Governor Valery Serdyukov and a group of Russian businessmen in May 2001. The region is frequently mentioned as one of the most investor friendly among the 89 Russian regions. Significant contacts were established and are ongoing and contractual relations were facilitated.

- The International Visitor Council of Philadelphia hosted and organized meetings in March 2002 between local companies for the director of the Nizhny Novgorod Hi-Tech Business School, allowing specialists from the Philadelphia region to share their expertise and help develop the skills of students in Nizhny Novgorod. One objective of this project was to establish linkages with hi-tech centers in Russia and the United States and to produce a pool of professional human resources and a training center for IT companies and software developers in Nizhny Novgorod.
- In April 2001, the Montclair (NJ)-Cherepovets (Russia) Sister Cities and New Jersey-Vologda Business Council hosted Mayor Mikhail Stavrovskiy in Washington, DC, with the assistance of BISNIS, and introduced him to several Department of Commerce programs. This visit resulted in an updated report on Cherepovets and in three business proposals from companies in that city, all of which are posted on BISNIS' website.

**Upcoming Partnerships and Beyond**

Local officials from the Tver region in Russia and the state of Louisiana, with organizational oversight and management provided by the city administration of Lake Charles, intend to sign an ambitious sister state agreement on “scientific, technical, commercial, economic, and cultural cooperation” in July 2002. Like many

partnerships, this agreement is the result of the strong commitment of individuals to make things happen and required over a year of preparatory work. Article 5 of the agreement states: “The Tver Regional Ad-

ministration will strive to grant benefits to the participants of international economic activity who are registered on the territory of Tver region and the state of Louisiana.” This plan underlies one of the major objectives of the partnership—to foster commercial ties between the two sides.

Similarly, the mayors of Pittsburgh, Penn., and Astana, Kazakhstan, will continue discussions following a June 2002 visit to Astana of **American International Health Alliance** ([www.aiha.com](http://www.aiha.com)) officials and a representative of the Pittsburgh

Urban Redevelopment Authority to enlarge the areas of partnership beyond the current area of cooperation between the two—the health care sector.

Also, efforts are presently under way on both continents to reactivate, develop, or increase the activities of several community partnerships. For instance, the Portland-Khabarovsk Sister City Association and the School of Business Administration at Portland State University plan to hold a Russian Week in Portland during February 10-15, 2003, with the goal to reintroduce Russia to the people of Portland, and focusing on business opportunities. In addition, the chair of the Sister City Committee for Minneapolis/St. Paul–Novosibirsk, Russia, just returned from Novosibirsk, where he was asked by local officials, “What more could be done?”

The desire to work together can transcend the framework of a sister city partnership. An atypical example is the 300/100 Anniversary Event whereby various cultural and business events will take place throughout 2003 to honor the anniversaries of Russia’s and Florida’s St. Petersburgs.

**What Next?**

In a May 24, 2002, in a joint statement President Bush and President Putin affirmed “the importance of strengthening contacts between our societies and citizens,” noting the existence of city, hospital, and university partnerships. Sister city partnerships, which develop through the strong commitment of participating individuals from all levels, are a wonderful tools that bring communication down to a personal level and allow people to share and work on common interests.

Sister Cities International can help identify existing relationships and establish contacts, and BISNIS, through its 17 representatives in Eurasia, can assist in identifying local business opportunities that could be developed through a sister city program.

*For more information on SCI, visit [www.sister-cities.org](http://www.sister-cities.org) or contact Juliette Marchioli at email: [jmarchioli@sister-cities.org](mailto:jmarchioli@sister-cities.org).*

*Note: Sister Cities International is holding its Annual Conference on July 17–20, 2002, in Toledo, Ohio.*

*Philip de Leon works for BISNIS in Washington, DC.*

<b>Number of SCI-sponsored relationships as of June 2002</b>	
Russia: 96	Kazakhstan: 2
Ukraine: 26	Uzbekistan: 2
Georgia: 5	Azerbaijan: 1
Armenia: 4	Kyrgyzstan: 1
Moldova: 4	Tajikistan: 1
Belarus: 2	Turkmenistan: 1

<b>Examples of Existing Relationships</b>
State of North Carolina – Republic of Moldova
Houston, Texas – Baku, Azerbaijan
Tucson, Arizona – Almaty, Kazakhstan
Colorado Springs, Colo. – Bishkek, Kyrgyzstan
Cincinnati, Ohio – Kharkiv, Ukraine
Columbia, Missouri - Kutaisi, Georgia

# TRENDS IN THE RUSSIAN TELECOM MARKET

by Inna Nazarova

Over the last year, the Russian telecommunications market has demonstrated strong growth, which is expected to continue at a healthy rate for the foreseeable future. The market is driven by Russia's continuing strong economic performance, and the pressing need to upgrade the generally inadequate telecommunications infrastructure throughout the country. Therefore, the Russian market has not perceptibly been affected by the recent economic slowdown and high-tech downturn in the United States and Europe. In 2001, the Russian market for telecommunications services was \$6.6 billion, more than 24 percent growth over 2000, while the number of cellular and Internet subscribers doubled. Estimated annual growth for the 2002–2004 period is 15 percent, which could result in a telecom services market of some \$10 billion annually by 2005.

Continued growth in the Russian telecommunications services market will yield business opportunities for competitive U.S. telecommunications equipment suppliers. The best sales prospects are digital switching equipment; high-speed, broadband Internet access technologies; multi-service and multimedia solutions, including SDH, xDSL, ISDN, DWDM, BWA; and call center equipment. Companies entering the market should be prepared to compete with major foreign equipment manufacturers and deal with a complex regulatory environment.

## Market Overview and Trends

The telecommunications infrastructure is of inconsistent quality and accessibility throughout Russia. While major population centers are well served, large areas have extremely poor access, or none at all. In rural areas there are an estimated 54,000 small communities with no telephone access whatsoever. In the country as a whole, there are a mere 22 phone lines per 100 people, and the waiting list for basic services currently has 6 million names. The development of e-commerce is greatly impeded by the lack of telecom infrastructure.

The Ministry of Communications estimates that the country will need \$33 billion in telecommunications investment over the next 10 years to bring the country to European standards. As there are no plans for state subvention, these funds must be generated internally, from the capital markets, or from direct foreign investment.

Internet penetration in January 2002 was estimated at just 4.3 percent of the population, double the level of the previous year and growing fast. In July 2001, the Russian government approved a \$2.6 billion plan to boost e-commerce and Internet use through the 2010.

There is almost no broadband infrastructure in Russia, although some projects to develop it in major population centers have been realized or are under consideration. However, the low level of average disposable incomes in Russia places the

viability of most projects in doubt. Although they are rising, it will be some time before disposable incomes will be sufficiently large to allow most Russians to contemplate subscribing to any service other than basic voice telephony.

During 2001, the Russian telecommunications industry generated \$6.6 billion in revenues, and estimated capital expenditures on infrastructure development were over \$800 million. An additional 1.9 million fixed lines were installed. Over 1,574 kilometers of cable and 657 kilometers of fiber-optic network were laid, and 105 radio relay networks were built. Digitalization of the public switch telephone network increased from 31.2 percent in 2000 to almost 35 percent at the end of 2001. At the same time, the number of cellular subscribers grew from 3.4 to 7.8 million, increasing the national penetration rate to 5.3 percent. As of January 1, 2002, there were 6.2 million accounts active with Internet service providers, although the number of individuals using the Internet is likely to be much greater. The volume of e-mail traffic in Russia more than doubled over the previous year.

The immediate outlook for the telecommunications industry in Russia, and for U.S. equipment suppliers, is very promising. Over the next 3 years, **Boston Consulting Group** estimates annual growth rates of 15 percent are sustainable in the telecom sector, with the highest growth coming in the broadband segment. Dialup Internet access should grow by no more than 20 percent per annum, and the Internet segment should average 25 percent growth over the 3-year period. Sales of packet switching gear will grow 55 percent per year, and the VPN market is expected to triple. The cellular market, which represents about 35 percent of the Russian telecom market by value, is expected to maintain its market share, growing at the average rate of the industry in general. At such growth rates, the telecom services market could reach \$10 billion annually by 2005.

By 2010, Russia expects to increase its number of fixed lines in place from 38.1 million to 48 million (a penetration rate of about 33 percent). It also expects there to be 22 million cellular users (penetration rate of 15 percent), and 26 million Internet users (18 percent). The Ministry of Communications is revising the regulatory environment to facilitate further industry growth. Introduction of universal service is aimed at bringing basic telephone services to every settlement in Russia without hurting the profitability of the telephone operators. Liberalized interconnection to the public switch telephone network will result in faster growth of telecom services.

*For the full report on telecom trends in Russia, visit **BISNIS Online** at [www.bisnis.doc.gov/bisnis/isa/isa-telecom.cfm](http://www.bisnis.doc.gov/bisnis/isa/isa-telecom.cfm).*

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Richmond Mayor Rudolph McCollum, Jr., (l) shakes hands with Uzbek Minister for Foreign Economic Relations Elyor Ganiev (r).

*(INTERVIEW, continued from p. 3)*

strategies. Delta has achieved five exits in the last 18 months and all were sales to corporate strategic buyers. Some other companies in the portfolio were simply written off due to a lack of managerial agility and other issues.

Some Russian companies are now going to foreign capital markets to increase liquidity and raise capital, a recent example of this being the food processor Wimm Bill Dann, which issued American Depositary Receipts (ADRs). These efforts have required increased transparency and improved corporate governance and are positive exercises.

#### **What is a major problem faced by venture capitalists seeking promising investment vehicles in Russia?**

An impediment to accelerating entrepreneurship in Russia is the lack of seasoned managers. Currently, we are seeing the return of a cadre of Russians with training or entrepreneurial experience abroad and the emergence of some qualified managers, but it still is not enough. Many Russian entrepreneurs see how the West does business, but they are not sufficiently experienced to be able to emulate it in detail.

#### **What are some of Delta's lessons learned in Russia?**

We found that it was too difficult and beyond the Fund's scope to address the problems of older companies in Russia, which tend to be large and secretive. Other important lessons on investing in Russia include:

- Back people who are mindful of the importance of transparency;
- Changing poor management immediately is essential; and
- The concept of an independent outside board of directors is nascent in Russia. Current boards are full of insiders, and so it is important to know where the board members' interests and responsibilities lie. Introducing good corporate governance is a key to success.

*Ms. Cloherty's bio and a video of her discussion with BISNIS staff is available at [www.bisnis.doc.gov/av](http://www.bisnis.doc.gov/av).*

## **Recent U.S.-Uzbekistan Business Developments**

BISNIS, in cooperation with the Embassy of the Republic of Uzbekistan and the Greater Richmond Partnership, co-organized a meeting of Uzbek and Virginian officials and businesspeople on May 16, 2002. An Uzbek delegation, led by Minister for Foreign Economic Relations Elyor Ganiev and comprised of government officials and some 20 company executives, met with some 60 U.S. companies representatives from various sectors in Richmond to establish business and strategic partnerships. The Uzbek delegation also met with Richmond Mayor Rudolph McCollum, Jr., and Virginia Deputy Secretary of Commerce and Trade Matt Erskine, and representatives of U.S. Trade Development Agency and the U.S. Export-Import Bank.

*For more information on the Uzbek delegation and photos of the Richmond event, visit [www.bisnis.doc.gov/uzbekrichmond.htm](http://www.bisnis.doc.gov/uzbekrichmond.htm).*

### **Ex-Im Bank Credit Guarantee**

In March 2002, the U.S. Export-Import Bank and the National Bank for Foreign Economic Activity of the Republic of Uzbekistan (NBU) signed a \$50 million medium-term credit guarantee facility designed to support the exports of U.S. goods and services to Uzbekistan and mitigate U.S. exporter risk. This facility provides a short-term opportunity for U.S. exporters to enter the market in Uzbekistan with decreased risk. The credit guarantee provides repayment protection for private sector loans to creditworthy buyers of U.S. exports.

*For detailed information on how to take advantage of this credit guarantee, visit **BISNIS Online** at [www.bisnis.doc.gov/020630eximuzbek.htm](http://www.bisnis.doc.gov/020630eximuzbek.htm). For more information on the **Ex-Im Bank**, visit [www.exim.gov](http://www.exim.gov).*

### **TDA Feasibility Studies**

The U.S. Trade and Development Agency (TDA) announced the approval of seven grants totaling almost \$2.5 million for projects in Uzbekistan. The grants agreement was signed at the annual meeting of the **American-Uzbekistan Chamber of Commerce** ([www.aucconline.com](http://www.aucconline.com)) on May 15. The grants cover feasibility studies for projects in the rail, information technologies, and water resources sectors, as well as assistance in small and medium enterprise development. TDA is also considering projects in the fertilizer and power sectors.

*For more information on **TDA** grants for projects in Uzbekistan, visit [www.tda.gov](http://www.tda.gov).*

## Spotlight on DOC Secretary Evans: Bolstering U.S.-Russian Business Ties

by Ellen House

U.S. Department of Commerce Secretary Donald Evans has made improving commercial relations with Russia a priority. He made his third trip to the country in late May to forward these goals and support U.S. companies operating in the region. Evans's three-city visit helped pave the way for the Bush-Putin Summit that week and further cemented his close working relationship with Russian Economic Development and Trade Minister German Gref who accompanied him to several major meetings.

Highlights of Evans's recent trip to Russia include:

- Meetings with the Mayor of St. Petersburg, as well as the Governors of Leningrad, Novgorod, and Samara Oblasts, to promote commercial reforms and U.S. companies.
- Participation in a Small Business Roundtable in Samara, organized by the RABD, with regional officials and local entrepreneurs to promote business climate improvements for small companies.
- Visit to the site of a future **CaseNewHolland** service center in Samara that is being created as part of an \$11 million agreement, brokered by the U.S. Export-Import Bank, that allows the company to sell tractors and farm equipment to farmers in the region.
- Participation in the second meeting of the U.S.-Russia Aerospace Working Group, organized by the RABD, to discuss the status of joint aerospace projects, challenges to ongoing and potential new projects, and policy initiatives that can remove obstacles to expansion of collaboration.
- Participation in an Information Technology Roundtable for leading U.S. and Russian companies that was organized by the Russian Ministry of Communication and Informatization, the American Chamber of Commerce in Russia, the software development association RUSOFT, and the U.S.-Russia Business Council to facilitate bilateral trade and cooperation in the ICT sector. Roundtable participants identified and discussed existing investment and two-way trade opportunities and recommended steps to be taken by both governments to enhance these opportunities.
- Visit to the **Ford Motor Company's** plant in Vsevolozhsk outside of St. Petersburg, which will open formally in July and is expected to produce 5,000-8,000 cars annually, to highlight successful U.S. investment in Russian manufacturing.
- Attendance at a signing ceremony between **ExxonMobil** and the Amur Shipbuilding Plant for

a contract to build a \$140 million offshore platform for the Sakhalin-1 oil and gas project, and discussion with Gref on ways to increase U.S. investment in the Russian energy sector.

Evans's efforts at expanding and improving ties between U.S. and Russian officials and companies are aimed at helping create a more open, cooperative atmosphere in which to discuss both barriers and opportunities for trade and investment. The Secretary has emphasized to Russian leaders that, while Russia's economic growth and relative stability during the past 2-3 years have revived American business interest in the country, Russia must continue doing more to demonstrate that it will uphold contracts and protect investors' rights if it is to translate this heightened interest into sustained inflows of capital in significant amounts.

### What is the RABD?

The formation of the Russian-American Business Dialogue (RABD) was announced by Presidents Bush and Putin at the July 2001 Genoa Summit for the purpose of strengthening our bilateral commercial relations. The Dialogue has been steered by the **U.S.-Russia Business Council** ([www.usrbc.org](http://www.usrbc.org)), **American Chamber of Commerce in Russia** ([www.amcham.ru](http://www.amcham.ru)), **Russian Union of Industrialists and Entrepreneurs**, and the **Russian-American Business Council**, and is open to input from interested companies and business associations in both countries.

The RABD is a business-to-business mechanism for expanding contact between the two private sectors, identifying areas where laws and regulations impede trade and investment, and providing a forum where businesses' common interests and concerns can be raised with both governments. One of the priorities of Secretary Evans and the RABD is to improve conditions for small and medium-size enterprises (SMEs) in Russia as well as to increase U.S. SMEs involvement.

RABD submitted its Initial Report to Presidents Putin and Bush during the summit. The report focuses on seven business-driven priorities: administrative obstacles, market access, investment policies/financial infrastructure; e-commerce/high-tech support; health care reform; growth of small and medium-size enterprises; and judicial reform.

*For more information and the RABD's initial report, visit [www.usrbc.org](http://www.usrbc.org).*

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## TRADE EVENTS CALENDAR

<b>Astana Kitel</b> Organized by: Telephone: Facsimile: Email: Website: Sectors:	<b>Sept. 10–12, 2002</b> BEM Conferences & Exhibitions +44 (20) 8951-1555 +44 (20) 8951-1553 ingram@bemltd.com www.bemltd.com Computers and telecom	<b>Astana</b>
<b>BIHE 2002</b> Organized by: Telephone: Facsimile: Email: Website: Sectors:	<b>Sept. 10–12, 2002</b> ITE Group Plc +44 (207) 596-5000 +44 (207) 596-5111 healthcare@ite-exhibitions.com www.ite-exhibitions.com Medical services and equipment	<b>Baku</b>
<b>Construction</b> Organized by: Telephone: Facsimile: Email: Sectors:	<b>Sept. 17–20, 2002</b> Far Eastern Exhibition Center +7 (4232) 495-025 +7 (4232) 495-519 dalexpo@marine.su Architecture, construction materials and engineering	<b>Vladivostok</b>
<b>WorldFood Moscow</b> Organized by: Telephone: Facsimile: Email: Website:	<b>Sept. 24–27, 2002</b> ITE Group +44 (207) 596-5000 +44 (207) 596-5111 food@ite-exhibitions.com www.ite-exhibitions.com	<b>Moscow</b>

**The Export-Import Bank  
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at tel: (202) 565 3206

To view Ex-Im's Country Limitation Schedule,  
visit [www.exim.gov/country/cntlimit.html](http://www.exim.gov/country/cntlimit.html)  
and for full information, see [www.exim.gov](http://www.exim.gov)

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