

Russia-USA: perspectives of bilateral trade and investments

TRADE REPRESENTATION
OF THE RUSSIAN FEDERATION
IN THE UNITED STATES OF AMERICA
2016



Ministry
of Economic Development
of the Russian Federation



WHO WE ARE



The Trade Representation offers to American and Russian companies wide **business support**



Our offices in **Washington, D.C., San-Francisco and New-York** cover business projects all-over the United States



We are economists, lawyers and public policy specialists.

We are experienced in trade, international relations and GR. We deal with **production sector, oil and gas industry, agriculture, FMCG, medical and BIO technologies, IT-sector etc.**



As a part of the **Russian Government** we contact both Russian and American official authorities, business and expert institutions



Every year we assist hundreds of U.S. and Russian companies to **do business and export goods and services**



Russian Economy at a glance

Population: about **150 mln**

Time zones: **12**

Cities with >1 mln inhabitants : **15**

Number of regions: **85**

GDP (PPP): **\$3,7 tln**

GDP rank: **6th largest** (after Germany)

GDP per capita (PPP): about **\$24 500**

GDP per capita growth: **2,6 times**
since 1999

Forex reserves: **400 bln** (6th)

Domestic market: **7th** of 142
countries

Net income of domestic companies
rose **by 1,5 times** in 2015 (because of
import substitution policy)

Unemployment rate: **5%**

Nominal monthly wage: **\$554**

High human development index: **0,798**

Inflation rate: **3,8%** in 2016

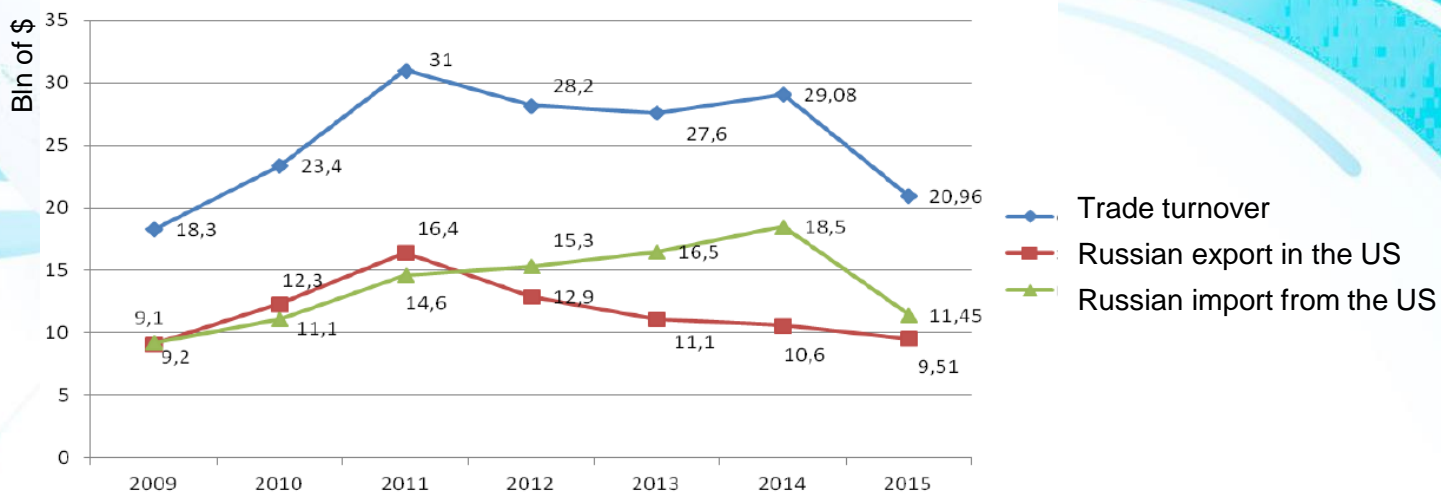


Bilateral trade Russia-USA

Bilateral trade turnover between Russia and the USA is about \$25-30 bln.

Quantum of Russian export in the USA increased by 25% in 2015, by 10% in first half of the year 2016

Bilateral trade (in terms of money) turnover decreased by 17% in 2016, Russian export in the USA declines by 14%, Russian import from the USA falls by 19%.





Doing Business in Russia

Russia is the best place for Doing Business (WB) among the BRICS countries:

Russia: **51th (+3)**
South Africa: **73**
China: **84**
Brazil: **116**
India: **130**

Russia is one of the five best leaders in World Bank Doing Business rating

Investors are still confident in Russia's economic potential



Around 90% of respondents with operations in Russia describe the country's current economic situation as challenging, expecting the market to lose part of its appeal to foreign investors in the near future. However, 50% of respondents plan to expand their business in Russia as they are optimistic about the future growth prospects for their industry.

Sources: WB 2016 report, E&Y 2015 survey

Rank	Economy	DTF score	Rank
1	Singapore	87.34	64
2	New Zealand	86.79	65
3	Denmark	84.40	66
4	Korea, Rep.	83.88	67
5	Hong Kong SAR, China	83.67	68
6	United Kingdom	82.46	69
7	United States	82.15	70
8	Sweden	81.72	71
9	Norway	81.61	72
10	Finland	81.05	73
11	Taiwan, China	80.55	74
12	Macedonia, FYR	80.18	75
13	Australia	80.08	76
14	Canada	80.07	77
15	Germany	79.87	78
16	Estonia	79.49	79
17	Ireland	79.15	80
18	Malaysia	79.13	81
19	Iceland	78.93	82
20	Lithuania	78.88	83
21	Austria	78.38	84
22	Latvia	78.06	84
23	Portugal	77.57	86
24	Georgia	77.45	87
25	Poland	76.45	88
26	Switzerland	76.04	88
27	France	75.96	90
28	Netherlands	75.94	91
29	Slovak Republic	75.62	92
29	Slovenia	75.62	93
31	United Arab Emirates	75.10	94
32	Mauritius	75.05	95
33	Spain	74.86	96
34	Japan	74.72	97
35	Armenia	74.22	97
36	Czech Republic	73.95	99
37	Romania	73.78	100
38	Bulgaria	73.72	101
38	Mexico	73.72	101
40	Croatia	72.71	103
41	Kazakhstan	72.68	104
42	Hungary	72.57	105
43	Belgium	72.50	106
44	Belarus	72.33	107
45	Italy	72.07	108
46	Montenegro	71.85	109
47	Cyprus	71.78	110
48	Chile	71.49	111
49	Thailand	71.42	112
50	Peru	71.33	113
51	Russian Federation	70.99	114
52	Moldova	70.97	114
53	Israel	70.56	116
54	Colombia	70.43	117
55	Turkey	69.16	118
56	Mongolia	68.83	119
57	Puerto Rico (U.S.)	68.73	120
58	Costa Rica	68.55	121
59	Serbia	68.41	122
60	Greece	68.38	123
61	Luxembourg	68.31	124
62	Rwanda	68.12	125
63	Azerbaijan	67.80	126



Business Environment in Russian Regions

Regional standard for Business Environment improvement was developed in 2014 by Agency for Strategic Initiatives

Nowadays it is implemented in 71 Russian regions

Best performers in 2016:

1. Republic of Tatarstan.
2. Belgorod Region.
3. Kaluga Region.
4. Tula Region.
5. Tumen Region.

Region

2016

2015

+/-

Республика Татарстан	1	1	0
Белгородская область	2	3	1
Калужская область	3	2	-1
Тульская область	4	10	6
Тюменская область	5	15	10
Чувашская Республика	6	9	3
Краснодарский край	7	7	0
Владимирская область	8	18	10
Ханты-Мансийский АО	9	12	3
Москва	10	13	3
Ульяновская область	11	5	-6
Томская область	12	23	11
Орловская область	13	27	14
Чеченская Республика	14	17	3
Кировская область	15	25	10
Липецкая область	16	34	18
Республика Мордовия	17	24	7
Ямало-Ненецкий АО	18	16	-2
Тамбовская область	19	4	-15
Республика Башкортостан	20	40	20



Export support measures

In 2015 by mandate of Russian Government The Russian Export Center was established as joint-stock company and as part of Vnesheconombank.

The center has been established to provide a specialized service for exporters. Its areas of expertise include export transactions, providing consultations on issues related to exports, assistance in organizing exports, and providing support related to export procedures. Among other things, the center focuses on supporting requests made by exporters working with relevant ministries, agencies and government services.

In providing non-financial assistance, the center aims to coordinate the activities of Russian trade representative offices abroad in supporting export projects.

At this initial state of the center's development, services are provided to exporters free of charge.

NON-MONETARY SUPPORT

- ▶ Foreign markets analysis
- ▶ Promotion in the foreign markets
- ▶ International patenting and certification
- ▶ Customs administration of export
- ▶ Logistical support for export activities

[READ MORE](#)

FINANCIAL (MONETARY) SUPPORT

- ▶ Export credits and investment insurance

- ▶ Export contract credits
- ▶ Bank guarantees

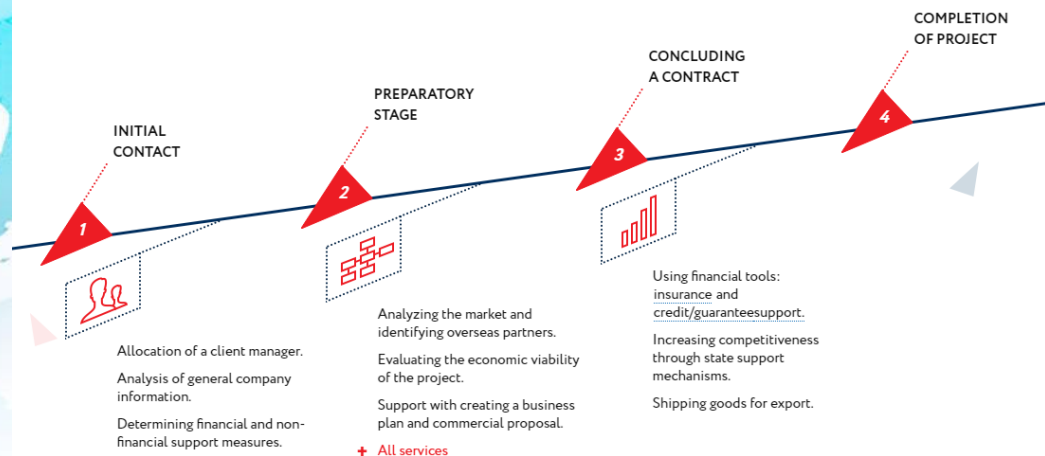
EXIAR

EXIMBANK OF RUSSIA

[READ MORE](#)

[READ MORE](#)

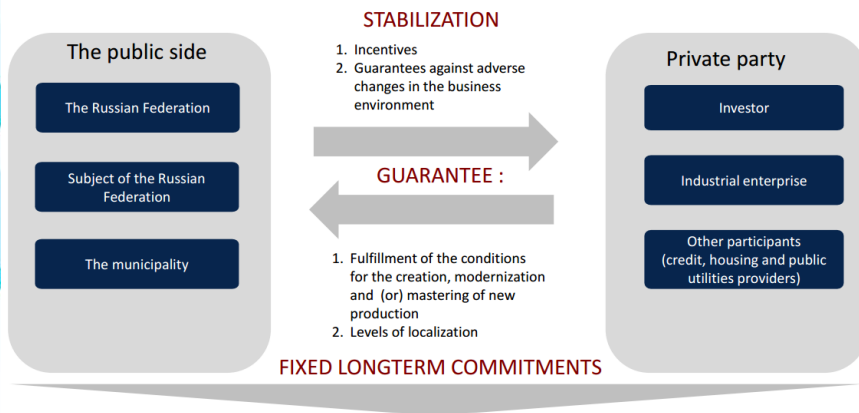
A one-stop shop for exporters





Special Investment Contract

- ✓ SIC is one of the best way to get comprehensive governmental support
- ✓ Created for all companies and investors who are interested in localization of their production in Russia
- ✓ Government is obliged to provide stimulus measures for such investor (up to 10 years)



...is a new platform for cooperation between the public party (federal, regional and municipal authorities) and investors

...is a flexible mechanism aimed at balancing investor and government interests

...clear "rules of the game" for the participants of the special investment contract

- ✓ Increase of the industrial production
- ✓ Development of priority industries
- ✓ Introduction of best available technologies into the industrial production
- ✓ Establishment and assimilation of high-tech products production
- ✓ Localization of the production at the territory of the Russian Federation

Overall, is a new and effective instrument to boost the technological and innovative development under the guidance of government priorities.



Small and medium business support

Companies that created by foreign citizens are recognized as a subject of small and medium business

The share of foreign entity or citizen must be not more than 49%. If the investor would like to get government support:

- ✓ Reduction of administrative barriers
- ✓ Special interest rates for loans
- ✓ Single tax
- ✓ Loans guaranties
- ✓ and others

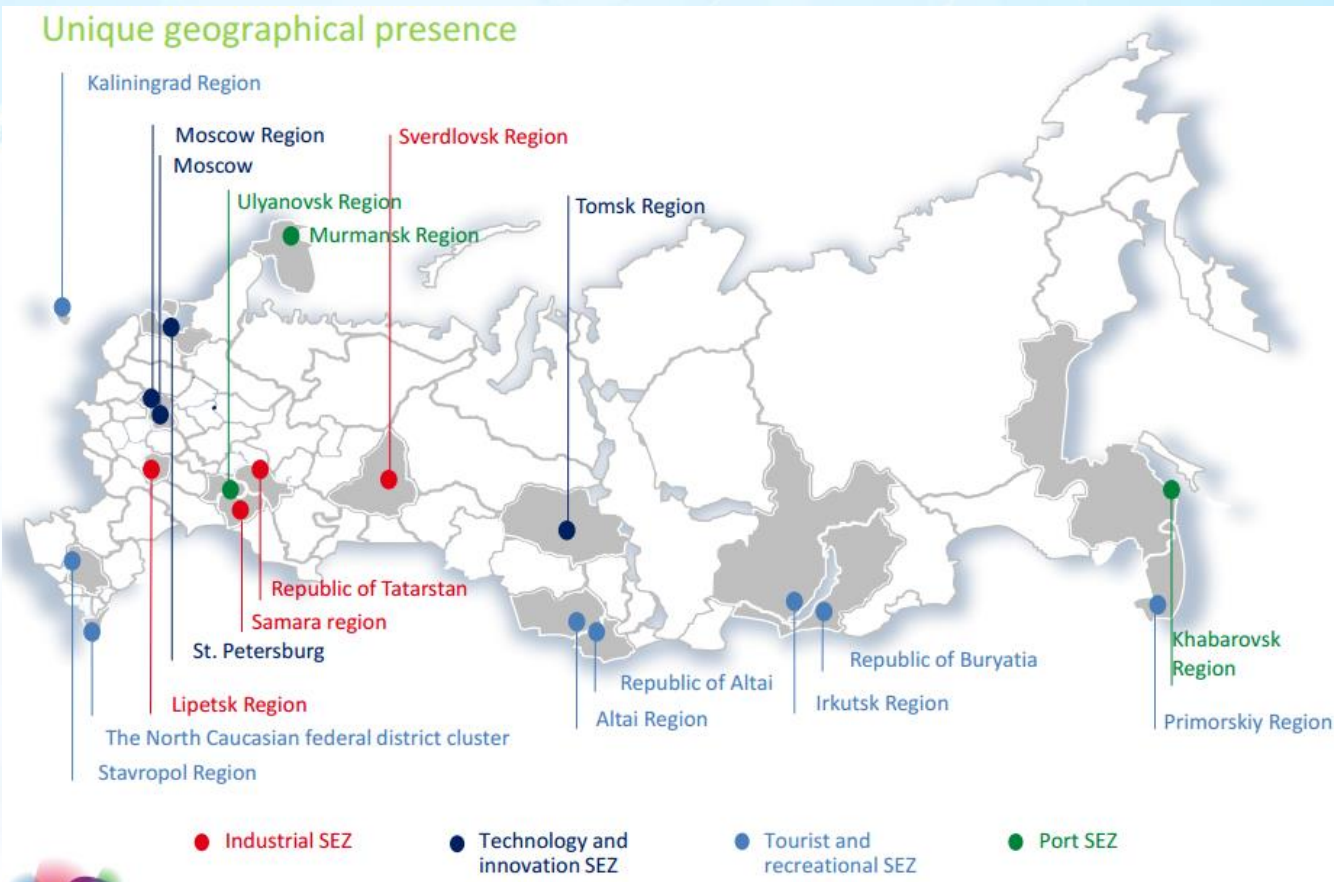


Special Economic Zones

11 American
residents of
Russian SEZ

Special terms for
49 years

Unique geographical presence





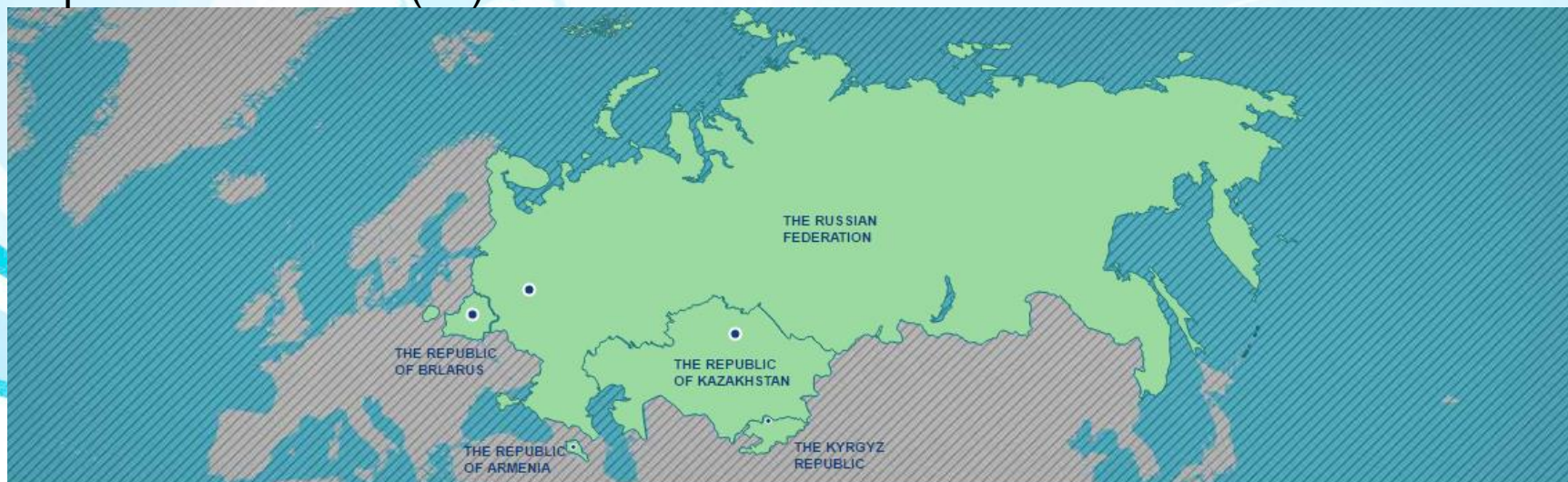
EAEU

Eurasian
Economic
Union

Free Trade Zone between Russia, Belarus, Kazakhstan, Armenia, the Kyrgyz Republic.

Free flow of goods, services, capitals and labor forces.

Population: 183 mln (7th).



PRESIDENT
OF THE REPUBLIC
OF ARMENIA
—
Serzh Sargsyan



PRESIDENT
OF THE REPUBLIC
OF BELARUS
—
Alexander Lukashenko



PRESIDENT
OF THE REPUBLIC
OF KAZAKHSTAN
—
Nursultan Nazarbayev



PRESIDENT
OF THE KYRGYZ
REPUBLIC
—
Almazbek Atambayev



PRESIDENT
OF THE RUSSIAN
FEDERATION
—
Vladimir Putin



Success stories

Ford-Sollers. >\$1 bln investments in plants (SEZ Alabuga, Vsevolghsk). Localization up to 45%. Since 2016 began to export products to the EU and the UK. 5000 jobs.

Armstrong. >\$60 mln investments in production of construction materials (SEZ Alabuga). 200 jobs.

3M. >\$25 mln investments in production of anticorrosive coating for pipes (SEZ Alabuga). 100 jobs.

Boeing. >\$750 mln in VSMPO-Avisma, plant to produce any plane components (SEZ Titanium Valley).





Success stories (2)

John Deere. >\$200 mln investments in assembling plants (Kaluga and Orenburg Regions). 560 jobs.

IBM. >\$1 bln investments in R&D center (SEZ Skolkovo). 200 jobs.

Microsoft. >\$300 mln investments in R&D, venture fund, IT projects (SEZ Skolkovo). 1000 jobs.

Others: Pfizer, Mars, Abbott Laboratories, AGCO-RM, Mondelez International, Praxair, International Paper, Caterpillar, Coca-Cola, PepsiCo, Procter & Gamble, Exxon Mobil Corporation, Schlumberger, Eli Lilly, GE... more than 500 major American investment projects in Russia





THANK YOU!



**TRADE REPRESENTATION
OF THE RUSSIAN FEDERATION
IN THE UNITED STATES OF AMERICA**

Address:

2001 Connecticut Ave., NW
Washington, DC 20008

Phone:

(202) 232-5988, (202) 234-7170,
(202) 232-0975

Fax:

(202) 232-2917

E-mail:

dc@rustradeusa.org

Web-site:

www.rustradeusa.org