



BISNIS BULLETIN

Published by the Business Information Service for the Newly Indep
U.S. Department of Commerce • International Trade A



July 2000

NIZHNY NOVGOROD: TRADE FAIR OPENS MARKET

by Alexander Gordienko and Philip H. de Leon

U.S. companies in search of new markets in Russia's regions should consider participating in the Fifth All-Russia Industrial and Economic Forum to be held Sept. 6–11 in the city of Nizhny Novgorod, located on the Volga River about 400 km east of Moscow. The forum, organized by Nizhegorodskaya Yarmarka (Nizhny Novgorod Fair, www.yarmarka.ru), is one of the most important regional trade events in Russia. It will feature an exhibition of products from Russian regions, presentations of innovative and investment projects, conferences, and seminars. Exhibitors from Western Europe will also be present at Intercontact 2000, the international section of the forum. This event is a unique opportunity for U.S. companies to meet directly with Russian companies and discuss cooperation opportu-

nities, as well as to speak to officers of several of Russia's chambers of commerce that are representing their region/city and some of their most promising companies.

Nizhny Novgorod oblast, with 3.72 million inhabitants, is connected with many Russian regions and NIS countries via rail, roads, water, and air, and has one of the busiest transportation systems in the country. Its capital, Nizhny Novgorod (formerly Gorky), has 1.35 million people and is the fourth largest city in Russia.

Well-developed industry sectors in the region include auto manufacturing, machine building, woodworking, and production of chemicals and paper. The region's main

(continued on p. 5)

LAND APPRAISAL IN MOLDOVA

by Perry Letson

What is the value of a farm if there is no market for land? If it isn't clear what land is worth, how can it be sold or taxed, or serve as collateral for loans? Without loans how can the modern farmer obtain financing to expand operations? And, most important, how can a struggling nation's private agricultural economy grow if individual farmers don't expand?

These questions brought ACDI/VOCA volunteer Virgil Holtgrewe to Moldova for two weeks in late 1999. Holtgrewe, who runs his own Colorado appraisal company, has over 40 years' experience in rural appraisal, management, consultation, and real estate brokerage.

In the United States, he's a small part of a large state-side industry with established standards and conventions.

However, what we take for granted in the United States is radical in Moldova—in fact, real estate and the bureaucratic context for it only barely exists. However, land valuation—and the land market and taxation functions that it supports—are crucial to the development of a productive and profitable private farm sector.

Land Project

Holtgrewe traveled to Moldova as part of a U.S. Agency for International Development (USAID) project to develop land markets through privatization. The Land Project is administered by Booz-Allen and Hamilton, Inc., with technical assistance from ACDI/VOCA.

Under its Farmer-to-Farmer project, which in Moldova focuses on agricultural privatization, and its

(continued on p. 4)

NEW PUBLICATIONS

Business Financing in the Republic of Armenia

by Silk Road Investments

This 80-page handbook provides detailed information on financing sources available for business and commercial projects in Armenia. To order, call 1-800-235-6646, visit www.alphapublishing.com/armenia, or order through www.amazon.com

Russian Customs News

Published with Emerging Markets Business Intelligence Ltd.

The monthly newsletter RCN is a comprehensive source of information on customs, tariffs, and related topics for the NIS. For info., email Chris Gregory at chris@russian-customs-news.com or visit www.russian-customs-news.com

A Legal Guide to Doing Business in Russia and the Former Republics of the USSR Edited by Aviva Yakren

To order, see the American Bar Association website at www.abanet.org

BISNIS

The Business Information Service for the Newly Independent States

BISNIS is an information center 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 (email)

To call BISNIS toll free, dial
1-800-USA-TRADE (872-8723)
press 3 and then press 2

or visit the **BISNIS Online** website at
www.bisnis.doc.gov

In This Issue

**Nizhny Novgorod: Trade Fair
Opens Market
Land Appraisal in Moldova
New Publications Available
BISNIS Hosts Ukrainian Business
Association Head
Getting Visas for Russian Business
Partners (Update)
Letter from the U.S. Ombudsman
Regional Corner: Tula Oblast,
Russia
Trade Events**

Director
Anne Grey

Deputy Director
Trevor Gunn

Managing Editor
Ellen S. House

Assistant Editors
Juliana Kinal, Kelly Raftery

Contributors
Robb Hass, Philip H. de Leon,
Alexander Gordienko, Jan Kalicki, Perry
Letson, Alla Mavrina, Tanya Shuster

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 Ukrainian Business Association Head

On June 15, 2000, Anatoliy Kinakh, president of the Ukrainian League of Industrialists and Entrepreneurs (ULIE), gave a presentation to a group of 20 U.S. company representatives at the USA Trade Center in Washington, DC, as part of a week-long, four-city business mission to the United States. The presentation focused on the integration of Ukraine into the world economy. Mr. Kinakh stressed that cooperation between the United States and ULIE is essential for continued economic development and reform within Ukraine. Currently, ULIE is the largest nongovernmental organization in Ukraine, with some 19,000 members. ULIE is also a member of the Ukrainian National Committee of the International Chamber of Commerce (ICC).

Mr. Kinakh noted that the Ukrainian economy remains sluggish, but expressed optimism that the economy is becoming more transparent and stable. Although priority sectors for ULIE are energy, agricultural, metallurgy, telecommunications, and transportation, which mainly involve large firms, the organization considers the development of small- and medium-sized businesses to be of utmost importance to the growth of the

economy. He noted that Ukrainian businesses are ready to work with U.S. companies, stressing that investment capital, business management expertise, and the creation of joint ventures are needed to restructure and improve the economy. He suggested that, due to its strategic geographic location, Ukraine's transportation sector has a high potential for success and offers opportunities for U.S. companies.

Mr. Kinakh was accompanied by a panel of three Ukrainian businesspeople who helped answer questions following the presentation. Responding to one question, the panel conceded that the service and hospitality sector in Kiev needs considerable investment to bring it up to world standards, but suggested that some of the barriers to entry into this sector have been, or in the process of being, removed, and that the tourism sector has great potential.

*For more information on the **Ukrainian League of Industrialists and Entrepreneurs**, contact its offices in Kiev at tel: +380 (44) 228-3069, fax: +380 (44) 226-3152, or email: uspp@uspp.kiev.ua, or visit <http://www.kiev-city.com.ua/uspp>.*

OBTAINING A U.S. VISA FOR YOUR RUSSIAN BUSINESS PARTNER (AN UPDATE)

by Tanya Shuster

U.S. companies planning for a visit by a Russian partner or potential Russian partners to the United States may want to keep the below points in mind connected with Russians obtaining a visa.

Travel Justification

Many applications and invitations for a business visa simply identify "negotiations" as the justification for travel, but this phrase can mean little to a consular officer, who has already seen thousands of applications with the same justification. Visa applications that clearly indicate a concrete reason for the applicant to travel have a better chance at approval. Possible examples of more meaningful justifications include if a Russian counterpart must travel to the United States to sign a contract or other paperwork or if the purpose of travel is to better understand local (U.S.) operations in order to implement changes in Russia.

Likelihood of Return to Russia

A key issue on the mind of consular officers is whether or not they are convinced that the Russian applicant will return to Russia. The reason for this is that U.S. visa law says "every applicant shall be presumed to be an immigrant until he establishes to the satisfaction of the consular officer . . . that he is entitled to nonimmigrant status." An application that indicates concrete reasons a Russian applicant would feel compelled to return will help a consular officer to feel confident that an application can be approved. Possible examples include family in Russia, the applicant has his/her own thriving business in Russia, the applicant will be able to increase his/her income upon return to Russia from the United States.

If a consular officer can be convinced on the basis of what is written in an application that an applicant will return to Russia, this greatly diminishes the likely need for an interview (see visa article in the February *BISNIS Bulletin*).

Interviews and Visa Processing Times

Interviews are a standard step in the U.S. visa application process. As of May 2000, the standard waiting period for an interview at the U.S. Embassy in Moscow was approximately one month. Visa applicants and the U.S. companies that invite them to the United States on business should plan visits and apply for a visa well in advance whenever possible. The Embassy also recommends that business applicants obtain multiple entry visas rather than single entry visas to make last minute travel plans more possible.

This article includes information from a recent report by the U.S. Commercial Service in Moscow, available via BISNIS

Fifth Annual Muskie/FSA Career Forum & Job Fair Moscow, Russia September 9, 2000

For the past 4 years, the International Research & Exchanges Board (IREX) has organized a Career Forum and Job Fair for alumni of the Muskie/Freedom Support Act programs. The 2000 Career Forum and Job Fair is scheduled to take place on September 9 in Moscow. It will consist of a series of small workshops focusing on the Russian job market, a two-hour job fair, and a reception.

Representatives of Western and Russian firms and organizations interested in meeting some of Russia's most highly trained and highly qualified people are invited to attend this annual event. All corporate representatives receive booklets containing the resumes of all registered attendees.

Since 1993, approximately 1,500 young professionals from Russia and the other countries of the former Soviet Union have obtained graduate education in the United States under the Edmund S. Muskie and Freedom Support Act Graduate Fellowship Programs (Muskie/FSA). Within Russia, 40 percent of Muskie/FSA alumni now reside in Moscow or St. Petersburg.

Last year, over 25 Western and Russian companies, including IBM, McKinsey & Company, and Kelly Services, met with approximately 180 qualified Russian applicants with degrees from American universities. Potential applicants from the Muskie/FSA program hold graduate degrees in business administration, economics, education administration, journalism and communications, law, library and information science, public administration, and public policy. In 1999, potential applicants traveled from as far as Vladivostok to meet with potential employers.

For more information on IREX and the upcoming Muskie/FSA Career Forum and Job Fair in Moscow, contact Tatyana Payanskaya at email: career@irex.ru or visit www.irex.org.

Online at www.bisnis.doc.gov/bisnis/country/000619rus-gen-visas.htm. Visa issuance is the responsibility of the Consular Section of the U.S. Embassy under the U.S. Department of State. Official information on U.S. visa application procedures is available at www.usembassy.state.gov/moscow.

Tanya Shuster is BISNIS' Senior Russia Specialist in Washington, DC.

(MOLDOVA, continued from p. 1)

Alliance for Cooperation on Development project, ACDI/VOCA has supported the Land Project in various ways. ACDI/VOCA's U.S. volunteers helped to create the land code that underpins the project, address the development of rural credit using land as collateral, advise on NGO management, and provide financial training. Finally, the organization helped establish four real estate brokerage firms in Moldova, supplied them with computers and other office equipment, and supported them with a volunteer to advise on operations.

Prior to 1991, Moldova had no land appraisal function because all land was government owned. The current USAID activity constitutes a breakthrough. Now, 70,000 former collective farm members own and work 180,000 plots of farmland. Under the Land Project, a simple, low-cost, decentralized titling and registration system is being developed. The program also calls for the plotting, division, and identification of land parcels.

Landowners Finding their Way

Owners of agriculture, commercial, and residential properties are now able to buy, sell, mortgage, trade, and lease the land they have obtained through privatization. In fits and starts, farmers are finding their way through the marketplace and are also beginning to borrow against the value of the land to make improvements and purchase equipment and inputs. Such loans enable farmers to tide over low harvest season prices and sell their production at an advantage.

The Ministry of Privatization established the Enterprise Land Sales (ELS) division and charged it with developing procedures for privatized land sales. Mr. Holtgrewe's role was to present an appraisal seminar to 14 key individuals from the FinComBank (one of Moldova's top commercial banks, www.fincombank.com), local brokerages and appraisal companies, and ELS.

Drawing from a course developed by the American Society of Farm Managers and Rural Appraisers entitled "The Fundamentals of Rural Appraisal," he used an interpreter to make presentations and conduct discussions with the Russian-speaking Moldovans. A useful teaching tool was an appraisal report provided by the U.S. Farm Credit Administration. Holtgrewe led trainees through a hands-on appraisal process, demonstrating the various approaches to determining value. He personally contributed textbooks, a dictionary of real estate terms, a 1999 USPAP (Uniform Standards of Professional Appraisal Practice), and a collection of application, appraisal, and other forms.

Groundwork Done

Holtgrewe said that he was pleased with what he accomplished in Moldova: "All the participants said that the information was helpful and the seminar very worthwhile. Land appraisal is a long way from being an established practice,

ACDI/VOCA in the NIS

ACDI/VOCA is a private, nonprofit development organization that was created through the consolidation of Agricultural Cooperative Development International and Volunteers in Overseas Cooperative Assistance. The mission of ACDI/VOCA is to support the growth and development of farmers and entrepreneurs in a free market economic system and open democratic society.

The ACDI/VOCA E&E Division has worked in 24 of the 28 countries of Europe and Eurasia, with current projects in 13 countries. The E&E Division manages a \$75 million portfolio of projects that concentrates on agribusiness development, banking and credit systems, small- and medium-sized enterprises (SMEs), and association development. In 2000, ACDI/VOCA expects to send 650 volunteers to 15 countries for a variety of assignments in agriculture, business, and association development.

ACDI/VOCA
50 F Street, NW, Washington, DC 20001
Tel: (202) 383-4962, Fax: (202) 783-7204
www.acdivoca.org

but I think from my time there sound groundwork has been done." He added that there is evidence of diligent follow-up to some of his recommendations, such as setting up an appraisal school, and that overall the commitment of the government to the project is exemplary.

A persistent hitch is that the legally mandated and extremely complicated system of valuation used by certain Moldovan agencies and banks to set a "normative price" does not pass the test of the marketplace. That is, now that enough transactions have been recorded to yield a land market history, there is evidence that the market value of land is considerably below the government's normative price. Real estate taxes and loan amounts are based on the normative price. Therefore, foreclosure or a tax debt come due will be a sharp comeuppance to the landowner who is forced to sell.

Reforms Crucial

Although Moldova enjoys fertile soil and has a history of exporting wine, fruits, and grain, the agricultural economy badly needs investment and further reform. Because cash in the region is scarce, much recent trade is being done on a barter basis with Russia, and often obligations cannot be met and debts are owed on delivered goods. Further efforts that build on land-related legal and policy reforms will bring far-reaching economic benefits for the Moldovan people.

Perry Letson is assistant vice-president for Communications at ACDI/VOCA in Washington, DC. He can be reached via email at pletson@acdivoca.org.

(NIZHNY NOVGOROD, continued from p. 1)

exports are chemicals, lumber, paper, automobiles, and machinery, while major imports are ingredients for the food and chemical sectors, clothing, finished building materials, components for foreign-made cars, and electronic appliances.

Promising Sectors

Prospective commercial and investment opportunities exist in the local food, woodworking, automotive, building, and telecommunications sectors. The largest local manufacturing company and one of the largest domestic automakers is the **Gorky Automobile Plant (GAZ)**, which makes cars and light trucks. GAZ and its affiliates employ about 100,000 workers. GAZ (www.gaz.ru) has a joint venture with Italy's **FIAT** to assemble cars. The **Pavlovo Bus Plant (PAZ)** makes 7-meter-long buses, mostly for the domestic market. PAZ plans to produce 10- and 12-meter-long buses in cooperation with Western automotive companies. Several U.S. companies have taken advantage of opportunities in the Nizhny auto sector, including **Lear Corp.** (Southfield, MI), which is involved in the production of seats for GAZ automobiles.

Dzerzhinsk, the second largest city in the region, is home to 10 chemical companies, producing some 100 different products, and is regarded as the Russian chemical capital. Dzerzhinsk chemical companies require a large amount of investment to upgrade its production facilities, enhance environmental protection, and improve the quality of products.

The **Volga** joint-stock company is one of the largest paper mills in Russia, with a 20 percent share of the country's paper market. The mill, which is controlled by a group of Western investors, exports over 60 percent of its newsprint.

Local pharmaceutical company **Nizhpharm** specializes in producing spasmolytic, antiseptic ointments and gels (www.nizhpharm.ru). It is run by a group of young and energetic managers who pursue ambitious strategies for the company's sales growth. In 1999, the European Bank for Reconstruction and Development (EBRD) signed an agreement with Nizhpharm to finance one of its investment projects. It was the EBRD's first significant foreign direct investment in the Russian economy since the financial crisis of August 1998.

A major food producer in the region is **Nizhny Novgorod Vegetable Oil and Margarine Company** (Maslo-Zhirovoy Kombinat). It has progressive and well-trained management. The company outsources a lot of ingredients and semiproducts abroad. It is interested in setting up trade and partner links with Western suppliers. More information on the company is available at www.bisnis.doc.gov/bisnis/lead.cfm?440.

In addition, during Soviet times, Nizhny Novgorod was a closed city due to several defense sector research institutes located there and it represents a good source of potential partnerships for high tech and innovative projects.

Bolnitsa (Hospital) 2000 September 25–28, 2000

Batimat 2000 Construction Exhibition October 25–28, 2000

St. Petersburg, Russia

The U.S. Commercial Service (CS) in St. Petersburg, in cooperation with ITE Group Plc, is hosting American Product Literature Centers at two of the premier trade exhibitions in Northwest Russia, providing U.S. companies with a low-cost opportunity to display their catalogs in this important market. After the event, CS St. Petersburg will send the company a list of potential partners and distributors that expressed interest in doing business with your firm and will work with you to capitalize on these trade leads. **Bolnitsa 2000** is the largest exhibition for equipment and services for hospitals, health clinics, and laboratories in Northwest Russia. **Batimat 2000** is the leading international building and construction exhibition serving Northwest Russia and the Baltics.

For more information, contact the **Commercial Service in St. Petersburg** at tel: +7 (812) 326-2560 or email: stpetersburg.office.box@mail.doc.gov

Local Assistance

A relationship with local business support associations can be crucial for developing contacts and conducting business with local firms. Some local governmental organizations, such as the Economic Development Agency of Nizhny Novgorod, can assist foreign companies in searching for local business partners and may be able to provide some incentives for foreign investors. A good source of information on the city of Nizhny is at www.admcity.nnov.ru/english. The Nizhny Novgorod Chamber of Commerce and Industry (www.tpp.nnov.ru), like its counterparts throughout Russia, offers fee-based services to businesses, including certification of merchandise, hosting trade missions, seminars, workshops, trade facilitation, and company matchmaking.

For more information on Nizhny Novgorod, visit **BISNIS Online** at www.bisnis.doc.gov/bisnis/country/Volga.htm

Alexander Gordienko is the **BISNIS** representative in Nizhny Novgorod, Russia. Philip H. de Leon covers the Upper Volga Valley for **BISNIS** in Washington, DC.

FROM THE U.S. OMBUDSMAN

Work in support of priority projects and policies continues this year on a number of fronts—especially in the Caspian region—and I would like to bring you up to date on its progress.

Caspian Energy Projects

In Almaty in April, close on the heels of encouraging reports of large oil quantities discovered by the OKIOC consortium offshore in Kashagan, we encouraged Kazakhstan to make a more specific commitment to the main export pipeline (MEP) project and to engage industry executives on their export plans. We also pressed for permanent termination of oil export quotas and review of newly imposed taxes and tariffs increases. The Georgian and Azerbaijani Parliaments ratified the MEP host government agreements and several dozen companies attended the first sponsors' group meeting in Baku at the end of May. As the project develops, we plan to work closely with U.S. companies to ensure maximum American company involvement in the pipeline's construction.

In Ashgabat, we made clear to President Niyazov that his pipeline decision is not "either-or" between Russia and the West. Within that context, we continue to believe that the Trans-Caspian Gas Pipeline project is the ideal approach to delivering Caspian gas to Turkey, and we urged him to move expeditiously with Azerbaijan, Georgia, and Turkey to develop this export route.

Central Asia: Bilateral Commercial Relations

During an April visit to Central Asia, I opened the inaugural meeting of the U.S.–Kazakhstan Business Development Committee's (BDC's) Business Facilitation Working Group (BFWG), which we agreed U.S. Ambassador Jones and Minister of Trade, Industry, and Energy Shkolnik would co-chair on a bimonthly basis to address pressing issues affecting the investment climate in Kazakhstan. In addition, we encouraged greater transparency in the tender process, as well as tax and customs reform. Since my visit, the Kazakh Government has consulted with the American Chamber of Commerce in Almaty on draft legislation to improve the investment climate. In Kyrgyzstan, we spoke with both the Prime Minister and Vice Prime Minister about trade reform, privatization, and rule of law. They highlighted the tax and customs reforms that they were undertaking in order to become WTO compliant, but they understand that they need to create a more satisfactory investment climate before the country will witness a significant influx of Western investors. In Uzbekistan, we reviewed the status of their Government promises made during the Joint Commission meetings in 1999, and urged them to fulfill those obligations. A small amount of progress

was achieved at the end of April, when Uzbekistan merged its official and commercial exchange rates, but a large gap still remains between this figure and the market rate. In Turkmenistan, we highlighted problems that U.S. companies face with respect to currency convertibility, licensing, and business visas. In all four countries, we advocated actively on behalf of U.S. companies.

The Caucasus: Regional Cooperation

In the Caucasus, we have launched a new standards cooperation initiative for which the presidents of Georgia, Azerbaijan, and Armenia expressed strong support when I met them last spring. The U.S. National Institute for Standards and Technology (NIST) subsequently conducted successful bilateral standards consultations in Georgia, and then in Armenia and Azerbaijan as part of the inaugural Task Force meetings with each country in May, and we look forward to a regional standards seminar, which could be hosted by Georgia later this year or early in 2001. We also continue to promote regional cooperation in transportation, power, and other infrastructure, which will make a critical difference in the future economic development of the region. An immediate example is our advocacy for an air traffic control systems project, designed to create a "unified air space" for Georgia and Azerbaijan, and eventually Armenia. In all three Caucasus countries and Turkey, we also advocated actively for U.S. company projects.

Russia

During the recent Summit, President Putin made clear his commitment to a results-oriented economic reform program. While time is needed to see how far and how fast these reforms will go, there have already been some positive developments for foreign investors in Russia's energy sector. The Duma and Federation Council have just approved the Russian-American project at the Stokmanskoye gas field as a production-sharing agreement. Also, the Sakhalin-I project finally received a positive environmental review, which will allow the Russian Government to issue a drilling permit—the absence of which forced a delay in drilling last year.

We look forward to continuing to work with you—the private sector—for without your commitment and persistence the outlook for many of these fledgling economies would not be as bright.

Jan H. Kalicki

Counselor to the Department of Commerce and
U.S. Ombudsman for Energy and Commercial
Cooperation with the New Independent States

REGIONAL CORNER: Tula Oblast, Russia

by Alla Mavrina

Tula oblast is located 100 miles south of Moscow and has nearly 2 million inhabitants. Major cities are Tula (600,000 people) and Novomoskovsk (142,000 people). Tula, one of the oldest Russian-heritage cities, is famous for its samovars, Russian pots, and Tulsy pryanik, or gingerbread, a traditional Russian cookie, as well as for being a major defense-industry city.

Compared with other Central Russian regions, Tula has the largest road network, with five federal highways crossing the region: Moscow-Voronezh, Moscow-Simferopol, Moscow-Volgograd, Kaluga-Ryazan, and Kaluga-Oryol. Tula has six higher learning institutions, including the State Chemical University and the State Technical University, with over 20,000 students.

Industry

The most developed industries in Tula include the machinery, metallurgy, chemical and woodworking industries, as well as food processing and power generation. Food-processing companies produce a tenth of regional output. Major companies in Tula are meat processing firms, dairies, and distillers.

The machinery industry, which formerly produced mostly military products, is now focusing its efforts on consumer goods. Most companies have been opened to foreign contacts and are permitted to conduct foreign trade directly, although many remain state controlled. Many local companies are still well equipped and are able to develop and assimilate new technologies. Major companies in the sector include **Tulamashzavod**, which manufactures different types of engines, light vehicles, processing and measuring equipment, and laser equipment; **Tyazhpromarmatura**, a producer of pipeline valves for the oil and gas, power, and chemical industries; and **Shtams**, a producer of household equipment, including samovars, extinguishers, and gas stoves and lamps.

The chemical and petrochemical industry also contributes over 20 percent of regional output. The largest companies are **JSC Azot**, which produces carbamide, ammonia salt peter, nitrophosphate; **Chekinoazot**, which produces caprolactam, methanol, hexamine, and ammonium sulfate, as well as home cleaning agents; and **Yefremov Synthetic Rubber Plant**, a joint venture with **Kautschukgesellschaft** (Germany), which manufactures and exports synthetic rubber.

Small Business

Unemployment in Tula is among the lowest in Central Russia because of the development of small business in the region. Over 7,400 small companies operate in Tula, employing over 78,000 people. Half of the small companies are in trade and catering services, while approximately 1,300 com-

panies are industrial ones and more than 1,000 companies are in the construction business. The Tula city administration has established the Small Business Support Council to help entrepreneurs to lobby city officials and develop a business environment conducive to small businesses.

Telecommunications

Regional telecom provider, **Tulatelecom**, started replacing analog lines in the region in 1983 and used ISDN lines with 128 kilobytes per minute traffic speed. No other region in Russia has 100 percent-digitized telecommunications except Tula. Moreover, Tulatelecom offers very reasonable prices for Internet connection, cell phone communication, and video-conferencing.

Foreign Trade and Investment

Except for Moscow and Moscow region, Tula oblast is the largest exporter to non-NIS countries among Central Russian regions. Total exports exceeded \$620 million in 1998, up from \$570 million in 1997. The main exports were ferrous metals (42 percent of total exports), chemical products (41 percent), and machinery (6 percent).

During 1996–98, almost \$90 million was invested in Tula, most of it direct foreign investment. Facilities with foreign investment produce a quarter of the regional industrial output and include such giants as **Procter & Gamble**, **Cargill**, **Bestfoods**, **Knauf**, and **Kautschukgesellschaft**. Bestfoods, the first 100 percent foreign-owned company in Tula, started producing mayonnaise and bullion cubes in April 1999. Bestfoods ships its products to all NIS countries, and has switched to locally produced ingredients. Cargill has invested some \$30 million in Tula since 1995. The company is a major supplier of glucose to the largest Moscow and regional confectioneries and an exclusive supplier to Baltika brewery. Currently, the company is planning two additional projects in the region. Procter & Gamble acquired a 95 percent stake in the Novomoskovskbythim enterprise in 1993. P&G has invested \$50 million during the last 5 years.

Local authorities, in spite of their reputation for Soviet-style governance, have offered some incentives to investors. Currently, the regional administration, together with the Tula Chamber of Commerce, is working on establishing a regional Foreign Investment Advisory Council to facilitate interaction between foreign investors and local government and help Tula to further improve its investment climate.

Alla Mavrina is a BISNIS representative in Moscow.

*For a longer report on Tula, visit **BISNIS Online** at www.bisnis.doc.gov/bisnis/country/000523central-tula-overview.htm.*

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

6th Moscow Int'l Motor Show (MIMS) 2000	August 23–27, 2000	Moscow
Organized by:	ITE Group	
Telephone:	+44 (20) 7596-5000	
Facsimile:	+44 (20) 7596-5111	
Email:	motor@ite-exhibitions.com	
Website:	www.ite-exhibitions.com	
Telecom/Security 2000	Aug. 29–Sept. 1, 2000	Vladivostok
Organized by:	Vneshservice	
Telephone:	+7 (4232) 222-023	
Fax:	+7 (4232) 267-646	
Sectors:	Telecommunications, security equip.	
Healthcare 2000	Aug. 29–Sept. 1, 2000	Vladivostok
Organized by:	Primorye-Expo	
Telephone:	+7(4232) 257-867	
Facsimile:	+7(4232) 250-844	
Sectors:	Medical and dental equipment, supplies, food supplements	
Kazmin/Kazmet 2000	September 6–8, 2000	Almaty
Organized by:	ITE Group	
Telephone:	+44 (20) 7596-5213	
Facsimile:	+44 (20) 7596-5128	
Email:	oleg.netchaev@ite-exhibitions.com	
Website:	www.ite-exhibitions.com	
Sector:	Mining and metallurgy	

The United States–Azerbaijan
Chamber of Commerce
presents the 4th Annual
Conference and Exhibition
Azerbaijan: Gateway to Eurasia.
*Land of Strategic and
Commercial Alliances*

September 11–12, 2000
Renaissance Mayflower Hotel
Washington, DC

Two new elements of this year's program are an exhibition hall to allow companies greater visibility at the event, and "The Cabinet of Ministers of Azerbaijan," which will give participants a chance to meet with members of the Azerbaijani Government.

For more information, contact USACC at
tel: (202) 898-0900 or fax: (202) 898-0015

This notice is provided solely as an informational resource and does not constitute U.S. Department of Commerce endorsement of these events. For a more complete listing of NIS trade events, visit *BISNIS Online* at www.bisnis.doc.gov/bisnis/leads/tradecal.htm. All information published in the *BISNIS Bulletin* regarding trade events is subject to change without notice by the organizers of those events.