



RUSSIA

Capital: Moscow

Population:

Russia: 142.89 million

Virginia: 7.71 million

Government type:

Federation

Chief of State:

President Dmitriy Medvedev

Head of government:

Premier Valdimir Putin

Languages (Official): Russian

Land Size:

6,592,771 square miles

Approximately 1.8 times the size of the U.S.
(CIA)

Currency: (www.oanda.com)

Russian Ruble (RUB)

1US\$ = 28.36 RUB (December 2008)



(Russia Map. CIA)

DID YOU KNOW?

- U.S. exports to Russia grew 57% in 2007 and were valued at \$7.37 billion. (World Trade Atlas)
- Russia is one of the world's largest exporters of petroleum and natural gas.
- Though still underdeveloped, the small and medium-sized business sector is growing and accounts for about 12% of the economy by value and 51% of total employment. (Country Commercial Guide Russia 2008)
- Russia's relations with the U.S. and the European Union have deteriorated in recent years due to differences on a range of issues and a new-found assertiveness in Russian foreign policy. Nevertheless, Russia and the United States do have shared goals -such as fighting terrorism and preventing nuclear proliferation- that should ensure cooperation in certain areas. (Economist)
- The recent fall in commodity prices, especially petroleum, does not bode well for Russia's economy in the short to medium term since commodities are Russia's primary export. Russia's economy grew an estimated 7% in 2007, and is forecast to grow 5.5% in 2009. (International Monetary Fund)
- The U.S. and Russia signed a bilateral market access agreement in November 2006 that marks a significant milestone in Russia's bid to join the World Trade Organization (WTO). (USTR)



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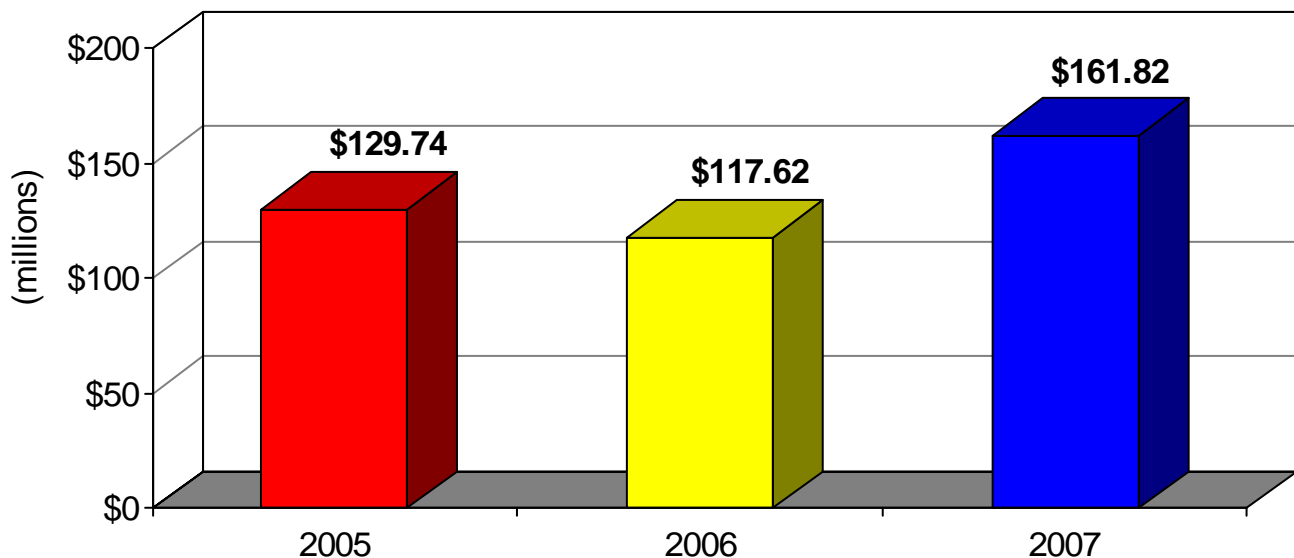
ECONOMIC OUTLOOK

Russia's decade-long economic expansion may be coming to a close, due mainly to the global financial crisis and a fall in commodity prices. Oil, natural gas, metals, and timber account for more than 80% of Russia's exports and 32% of government revenues, leaving the country vulnerable to swings in world commodity prices. The massive foreign reserves Russia accumulated during the recent boom in commodity prices have helped it defend its embattled currency, the Ruble, as the Central Bank pursues a strategy of slow, incremental devaluation. (CIA)

Russia's brief military conflict with neighboring Georgia in the summer of 2008, and Vladimir Putin's increasing centralization of political power have undermined the country's economic prospects in the short term (Putin hand-picked his successor, Dmitry Medvedev). Like many other governments in the West, Russia is spending billions to bail out troubled industries hit hard by the global financial crisis. It remains to be seen if Putin, who happens to be the Chairman of the bank that is administering the bailout, will use the loans as an opportunity to re-nationalize companies in strategic industries.

Despite global economic woes, Russia continues to be an attractive market for U.S. exports. In 2007, U.S. and Virginia exports to Russia grew at an impressive pace. Also, Russia's bid for membership in the World Trade Organization is a positive step towards strengthening the rule of law in Russia and improving enforcement of intellectual property protection. (CIA)

VIRGINIA EXPORTS TO RUSSIA



(Source for Graph: World Trade Atlas)



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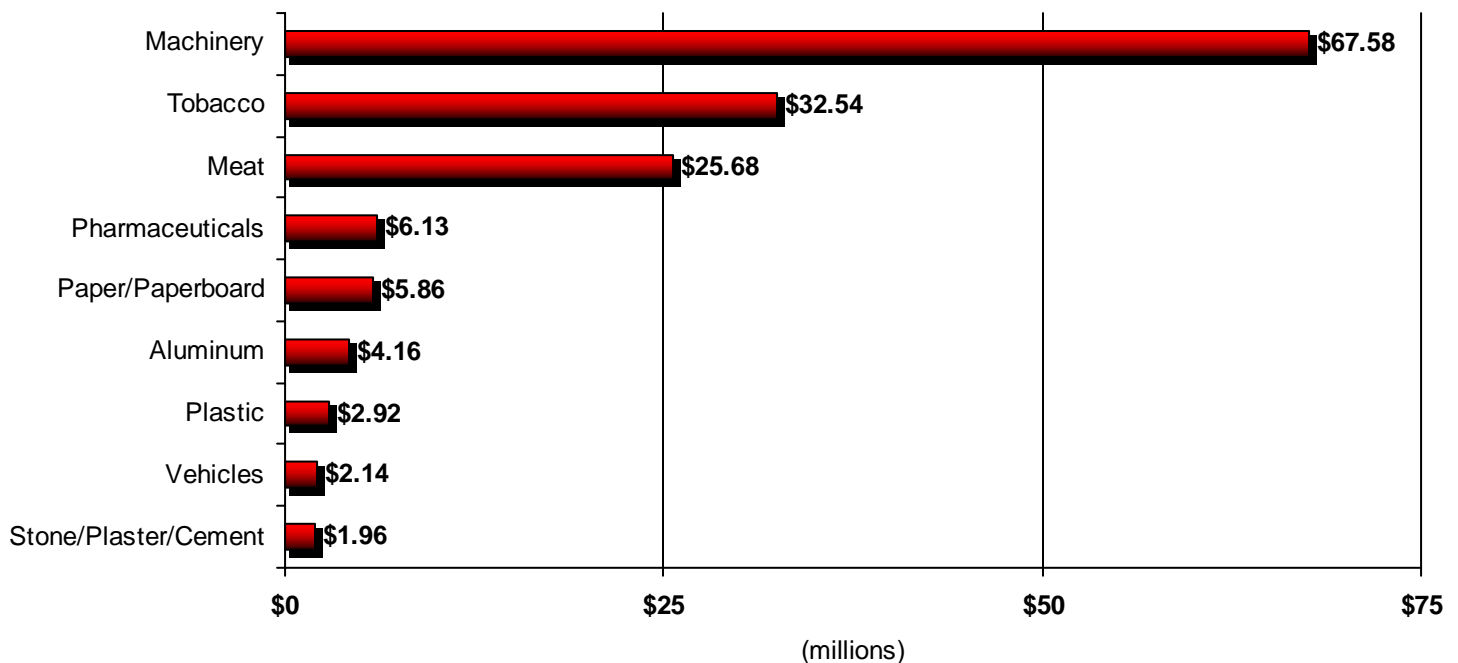
U.S. exports to Russia via Virginia were \$161.82 million in 2007, an annual increase of 38%. Industrial machinery and tobacco were the number one and two export sectors, respectively, pushing meat products to third place at \$25.68 million.

Tobacco has historically been Virginia's top export to Russia. Since 2004, however, the trend has mirrored the general decline in Virginia's tobacco exports.

Industrial machinery was again the top manufactured export to Russia via Virginia in 2007, increasing 47% over 2006. Examples of the types of machinery that Russia imported from the U.S. include chain saws, hand tools, machines for bending/folding/straightening/flattening, tobacco preparation machines, automatic data processing machines, and parts for office machinery.

Commodity groups exported via Virginia that saw significant growth in 2007 included prefabricated aluminum products, articles of asphalt, rubber products (mainly tires), toys and sports equipment, and medical instruments.

VIRGINIA'S TOP EXPORTS TO RUSSIA - 2007



(Source for Text and Graph: World Trade Atlas)



RUSSIA

VEDP TRADE EVENTS

For a complete listing of VEDP's international trade events, please visit the "Events" tab on our website: www.ExportVirginia.org

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ADDITIONAL RESOURCES

- Embassy of Russia in Washington D.C.: <<http://www.russianembassy.org/>>
- U.S. Embassy in Russia-Moscow: <<http://moscow.usembassy.gov/>>
- Business Information Service for the Newly Independent States (BISNIS):
<http://www.bisnis.doc.gov/bisnis/new_bisnis.cfm>
- U.S.-Russia Business Council: <<http://www.usrbc.org/>>
- American Chamber of Commerce in Russia: <<http://www.amcham.ru/>>

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