



Developing Your Trade Potential – Overseas Market Introduction Service

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November 2009



Russian economy 2000 - 2008

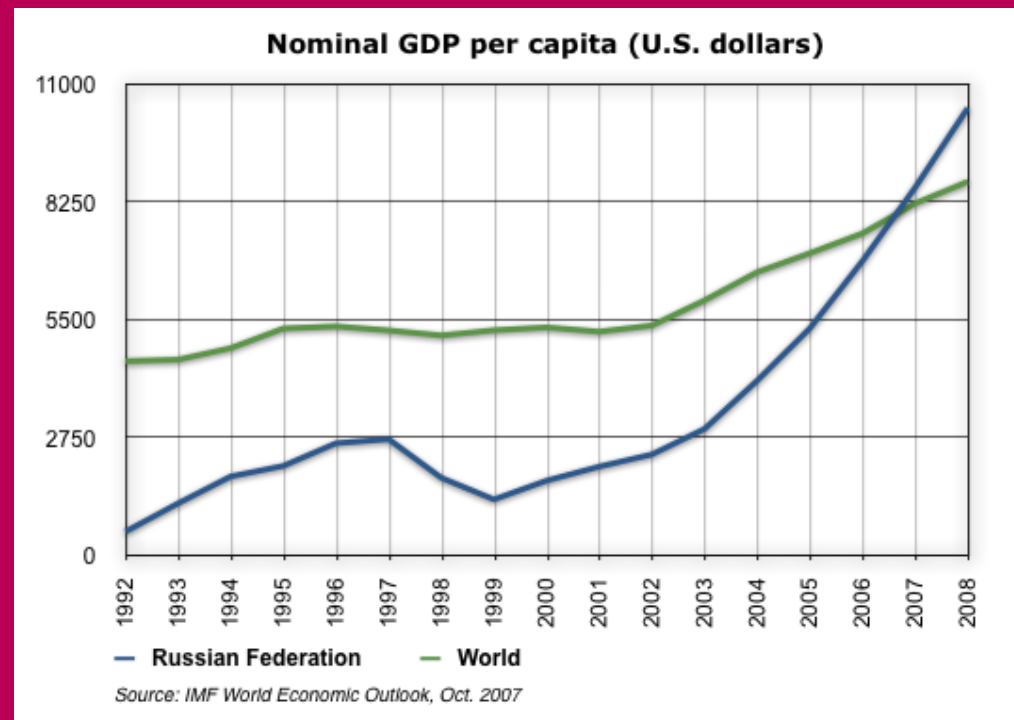
Until the latter part of 2008

⇒ eight years of strong economic growth, averaging 7.5 % a year;

⇒ Growing natural commodity prices;

⇒ 3rd highest financial reserves in world (almost \$600 billion by 2008);

⇒ Revitalised industries and influx in foreign capital;





Recent development in Russia: Output and investment - contracting sharply

- ⇒ The last 14 months showed that Russia has been severely affected by the global slowdown
- ⇒ GDP fell by 10.1% in Jan - June 2009;
- ⇒ Industrial production fell 15% Y-o-Y during the first half 2009;
- ⇒ Decline in investment, dropping from -15 % in 1Q to -20% in 2Q.
- ⇒ Forecast of GDP contraction of 8.9 % in 2009 and tentative growth of 1.6 % in 2010 (RF Ministry of Economic Development);



UK/Russia Business

UK trade in goods with Russia Jan - May 2009

Exports to Russia - £ 947 mln ,
39% decrease y-o-y

Imports from Russia - £1,9bn
25% decrease y-o-y

UK trade in goods with Russia 2008

Exports to Russia - £ 4.1 bln, 46 %
increase y-o-y

Imports from Russia £6.6 bln, 23%
increase y-o-y

**UK - one of the largest foreign
investors in Russia**

Why Russia ?

- ⇒ 142 million people with growing disposable incomes
- ⇒ 8th largest consumer market in the world
- ⇒ Rich natural resources
- ⇒ Interest in attracting/retaining foreign investment
- ⇒ Major transformation of economy

The brightening economic outlook

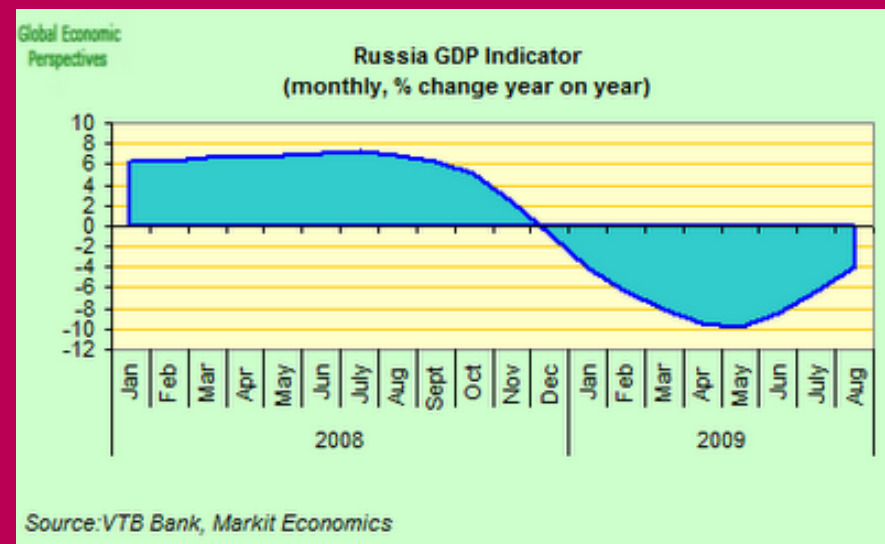
⇒Russia's economy will be on the rise again in 2nd H 2009;

⇒Economy Minister Elvira Nabiullina said on Sept. 9 output may grow 3.9% to 4.5 % in the second half of this year compared with the first six months.

⇒Russia's GDP is forecast to grow 1.6% (against earlier expected 1%) in 2010;

⇒Russia's budget deficit is expected to fall to some 7% of GDP in 2010;

⇒Russia's economy could return to pre-crisis levels as soon as 2012.



What are the opportunities?

The most promising areas for longer-term activity in Russia are:

- ⇒Transport
- ⇒Construction
- ⇒Financial services
- ⇒Oil and Gas
- ⇒Engineering
- ⇒Power
- ⇒Automotive
- ⇒Creative Industries
- ⇒ICT

Where the opportunities are?

⇒ **ENERGY** - optimisation of existing assets (technologies concerned with enhanced recovery, reduced gas flaring (gas gathering and measurement/metering) and reducing leakage (pipeline integrity, anti-corrosion techniques, inspection) from pipeline systems

⇒ **INNOVATIVE TECHNOLOGIES IN PROCESSING INDUSTRIES** - cost-effective manufacturing technologies, counteracting low productivity

⇒ **FINANCIAL INCLUDING LEGAL SERVICES** - advising Russian and foreign corporate clients on various crisis-related issues, including dispute resolution, emergency funding, mergers, toxic assets.

⇒ **INFRASTRUCTURE** - massive investments into ageing infrastructure. Foreign expertise needed to build or upgrade roads and rail, ports and airports, water and wastewater networks, central heating system and urban transport.

⇒ **OLYMPICS** - More than 1 trillion roubles (C USD 35 billion) will be spent between 2009 and 2012 on the preparations for the 2014 Winter Olympic Games with 699.3 billion roubles (C USD 23.31 billion) allocated from the federal budget. The projected budget for construction of Olympic facilities, including Sochi 2014 sports venues and related Infrastructure, is about 200 billion roubles (C USD 6.6) billion. The Sochi 2014 Olympics offer a range of opportunities for UK companies - including providers of engineering design & project management services, suppliers of power generation, telecommunication and security solutions.

⇒ **HEALTHCARE** - Russian Government has made Health Care one of the four major national projects eligible for billions of dollars in state spending;

⇒ **R&D** - significant R&D capacity and spend in Russia: Rusnano, and private: oil and gas (total around £300M R&D spend), metals, automotive companies, and ICTE company (AFK Sistema (Sitronics) - "largest research investor in Russia outside natural resources" - £22m.

⇒ **RETAIL** (8th largest consumer market in the world, ample quantity of large cities offering sizeable catchments area)

⇒ **Plus Special Economic Zones (SEZ) with tax, customs, other advantages.**

Doing Business in Russia

- ⇒ **be patient**; it could take some time
- ⇒ **travel**; be ready to visit the market several times
- ⇒ **talk**: Russians do business face-to-face
- ⇒ **find an agent/partner** you can trust
- ⇒ **research** the market for your product (OMIS!)
- ⇒ **translate** your company literature and business cards
- ⇒ have a **good interpreter** available

OVERSEAS MARKET INTRODUCTION SERVICE (OMIS)

Market research

- ⇒ **Market analysis** – market size and segmentation, distribution channels, customer needs, usage and attitudes, trends, competitor activity, strategy and performance, evaluation of market-entry strategies;
- ⇒ The identification, in-depth **assessment of potential business** partners who may be “warmed up” if required;
- ⇒ **Local market introductions**, eg trade associations, chambers of commerce;

Market visit support

- ⇒ **Pre-visit briefing** – one-to-one mentoring with our overseas trade teams by e-mail, telephone or video conferencing;
- ⇒ **“Appointment making”** with selected contacts or potential business partners;
- ⇒ Organising and inviting potential local partners to **bespoke receptions**, meetings and **seminars** where you can personally present your product or service;
- ⇒ **Delivery and collection of tender documents**;

For additional cost:
Use of official premises for example for a product launch or reception.



What does OMIS cost?

10 levels of service offered because of companies' varying requirements;

The levels vary in price from £245 to £3920 depending on the help required;

The levels needed to achieve a similar result may differ from country to country



How do I access OMIS?

Talk to your local International Trade Adviser – your ITA

Obtain contact details from www.uktradeinvest.gov.uk -
enter your postcode in the space provided on the
“Welcome page”

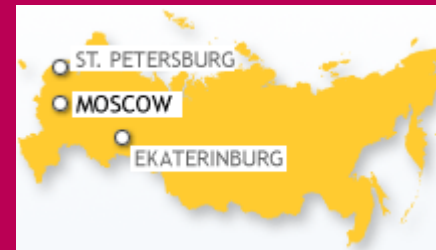
While on the website find out more about OMIS via the
“Our Services “ page.

Calendar of forthcoming events

December 2009	Insurance /Pensions Roundtable Seminar in Moscow
January 2010	Transmission and Distribution Inward Mission, UK Promoting English Law Event, Moscow
February 2010	Offshore Inward mission, International Business Exchange, Newcastle-Aberdeen-Edinburgh, Subsea UK Outward mission, Seminar on Advanced British Manufacturing Technologies in Nizhny Novgorod Capital Markets - Financial Crisis Seminar, Moscow Inward mission to Mobile World Congress, Barcelona TsAGI inward mission to the UK to present Russian Aerospace opportunities Construction outward mission to theKrasnodar Construction Forum East Midlands market visit to Moscow (St.Petersburg and Yekaterinburg optional)
March 2010	Low Carbon Vehicle event in the UK Outward Aerospace mission to Russia with SBAC Inward Mission to CeBIT, Germany Sport /Olympic outward mission to Moscow and Kazan British Lifestyle Showcase /Market Visit (fashion, giftware and textiles), Moscow/St.Petersburg



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