

## **Russia: A Solid Trade Partner**

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With its \$1 trillion economy, enormous energy reserves and growing middle class, Russia represents an important player in the world market for U.S. exports and investment. The country has impressive growth rates and successful fiscal policies. However, articles on Russia appearing in U.S. newspapers focus more on policy differences in the strategic sphere. If the business environment is even mentioned, one is led to conclude that Russia is a prohibitively difficult place to do business and that the Russian business climate is inhospitable to outsiders. Although the market has its challenges, the landscape also offers significant opportunities.

There are thousands of U.S. and other foreign companies and individuals currently doing business successfully in Russia in a broad spectrum of sectors, including manufacturing, trading and financial services. Their businesses are growing by leaps and bounds.

Notwithstanding the uncertainty that is part of the reality of doing business in any emerging market, there are many characteristics of the Russian business landscape that are conducive to foreign investments. Several Connecticut businesses have made Russia a target of their international business development plans. Foremost among them is Hartford-based United Technologies Corp., which has millions of dollars invested in Russia.

Additionally, Russia's accession to the World Trade Organization could occur in the coming months. However, Russia must first comply with certain commitments outlined in bilateral agreements signed with the United States in November 2006 and conclude negotiations with its trade partners. Once those steps are taken, and when Russia joins the WTO, this will lead to greater market-opening in Russia and new opportunities for Connecticut businesses and workers.

Connecticut exported \$38 million in goods to Russia in 2006, and from 2001 to 2006, its exports to Russia grew more than 600 percent, compared with 42 percent for its export growth to the rest of the world.

Russia is an important commercial and strategic partner for this state.

Felicity Harley  
Executive Director  
World Affairs Council,  
Hartford, Connecticut