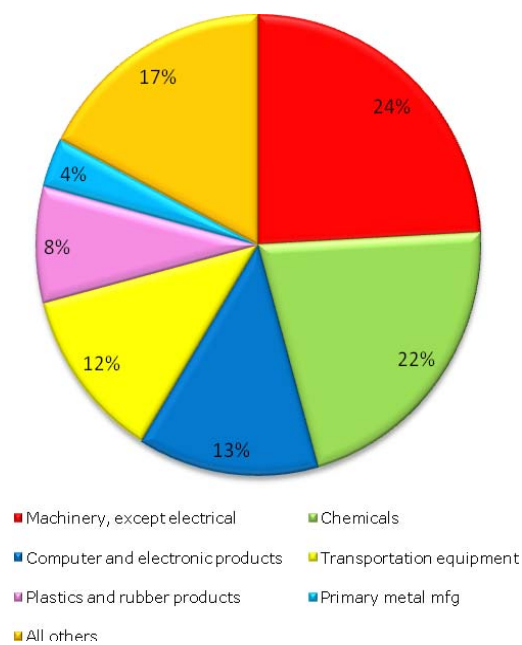


## Ohio and the Russian Market

### Top Merchandise Exports to Russia

Percent of Total Exports to Russia in 2010<sup>1</sup>



### Russia's WTO accession will increase opportunities for Ohio's exporters



**Machinery and equipment:** Russian companies in multiple sectors rely on imported high-quality machinery, and Russia's demand for equipment and parts generates significant export opportunities for U.S. manufacturers. From 2002 to 2010, Ohio's exports to Russia of non-electrical machinery **grew 150%**, while exports of transportation equipment **grew 93%**. Under the terms of its WTO accession package, **Russia will cut tariffs on manufactured goods to an average of 8%.<sup>2</sup>**



**Chemicals and plastics:** The Russian market for chemicals is valued at \$32 billion, but domestic producers fulfill only half of the market demand<sup>3</sup>, creating opportunities for U.S. chemical exporters to supply key industries in Russia, including the automotive, oil and gas, construction, and agriculture sectors. Capitalizing on this demand, Ohio's chemical exports to Russia **grew 170%** from 2002 to 2010. Russia has agreed to join the WTO's Chemical Tariff Harmonization Agreement and **will bind tariffs on chemical products along the processing chain at 5.5% and 6.5% upon accession.<sup>4</sup>**



**Computer and electronic products:** Russia's personal computer market and software market are projected to **more than double in size** between 2010 and 2015, with sales of PCs expected to rise from \$7 billion in 2010 to \$15 billion in 2015 and software sales projected to grow from \$3 billion in 2010 to more than \$6 billion by 2015.<sup>5</sup> With demand for high-tech products on the rise in Russia, Ohio's exports to Russia of computer and electronic products **grew 231%** from 2002 to 2010. **As part of its WTO commitments, Russia will permit IT imports to enter the country duty-free<sup>6</sup>**, improving market access for U.S. high-tech exporters.

## Success Stories in Ohio-Russia Commercial Ties



**Lincoln Electric Holdings, Inc.**, the Cleveland-based manufacturer of welding equipment, signed a deal in 2010 with Russian steel company Severstal that gave Lincoln exclusive distribution rights to the Severstal brand of welding consumables. Along with investments in two Russian welding consumable businesses, this deal complements Lincoln's imported product offerings in Russia and is expected to expand the company's sales in the Russian market.<sup>7</sup>



**Procter & Gamble**, headquartered in Cincinnati, has been selling consumer products to Russian customers since 1991. P&G sells more than 70 of its brands in Russia and holds a leading market share in 75% of the categories in which it operates, including detergents, shampoos and diapers.<sup>8</sup> The company supports its sales and distribution in Russia with facilities in St. Petersburg, the Tula Region and the Nizhny Novgorod Region.<sup>9</sup>



Russia-based **TMK IPSCO** has made job-supporting direct investments in Ohio. In May 2010, TMK IPSCO opened a new plant in Brookfield, OH, that makes specialized threading pipe to support the company's growing investments in the Marcellus shale gas fields. At full capacity, the plant employs 120 Ohio workers.<sup>10</sup>

## Other Companies with a Presence in Ohio that Export to and/or Do Business with Russia

3M Company	Ford Motor Company
Abbott Laboratories	General Electric Company
Abercrombie & Fitch	General Motors Company
ACE Group of Insurance Companies	The Goodyear Tire & Rubber Company
Air Products and Chemicals, Inc.	Greif
Alcoa, Inc.	Guardian Industries Corporation
The Aviahelp Group	International Paper
Black & Veatch Corporation	Johnson & Johnson
BNY Mellon	Jones Day
The Boeing Company	Koppers Inc.
Cameron International Corporation	LexisNexis
Campbell Soup Company	Microsoft Corporation
Cargill, Inc.	Motorola, Inc.
Caterpillar, Inc.	NetJets Inc.
CH2M Hill	Owens Corning
Chrysler, LLC	Pilkington Glass, LLC
Credit Suisse First Boston	PricewaterhouseCoopers
Cummins, Inc.	Procter & Gamble Co.
Deere & Company	Shell North America
Deloitte Touche Tohmatsu	Squire, Sanders, & Dempsey LLP
Dixon Valve and Coupling Company	Teradata LLC
The Dow Chemical Company	The Timken Company
DuPont	TRW Automotive Inc.
Eaton Corporation	United Technologies Corporation
Fluor Corporation	Zurich-American Insurance Company

<sup>1</sup> Source for State Export Data: Office of Trade and Industry Information, Manufacturing and Services, International Trade Administration, U.S. Department of Commerce.

<sup>2</sup> Factsheet on U.S.-Russia WTO Bilateral Market Access Agreement, Office of the U.S. Trade Representative, November 10, 2006.

<sup>3</sup> *Doing Business in Russia: 2010 Country Commercial Guide for U.S. Companies*, U.S. Commercial Service and U.S. Department of State, 2010.

<sup>4</sup> Results of Bilateral Negotiations on Russia's Accession to the World Trade Organization (WTO): Non-Agricultural Goods Market Access, Office of the U.S. Trade Representative, November 19, 2006.

<sup>5</sup> Russia Consumer Electronics Report Q2 2010, Business Monitor International, <http://www.companiesandmarkets.com/Summary-Market-Report/russia-consumer-electronics-report-q2-2010-278893.asp>, March 17, 2010; "Russia Information Technology Report Q1 2011," <http://www.pr-inside.com/russia-information-technology-report-q1-2011-385265.htm>, January 31, 2011.

<sup>6</sup> Non-Agricultural Goods Market Access, Office of the U.S. Trade Representative, November 19, 2006.

<sup>7</sup> "Lincoln Electric to Acquire Severstal Welding Business in Russia," Lincoln Electronic Holdings Company Website, December 28, 2010, <http://phx.corporate-ir.net/phoenix.zhtml?c=1008458p=irol-newsArticle&ID=15109888&highlight=&newsArticleID=1488202&highlight=>, (accessed January 11, 2011); "Lincoln Electric to Acquire Russian Welding Consumables Manufacturer," Lincoln Electronic Holdings Company Website, October 27, 2010, [http://phx.corporate-ir.net/phoenix.zhtml?c=1008458p=irol-](http://phx.corporate-ir.net/phoenix.zhtml?c=1008458p=irol-newsArticle&ID=1488202&highlight=)

<sup>8</sup> "Procter&Gamble/Basic Info in English," Procter & Gamble Co. Website, [http://www.procterandgamble.ru/english\\_info/](http://www.procterandgamble.ru/english_info/), (accessed October 19, 2009).

<sup>9</sup> "Procter&Gamble/В России," Procter & Gamble Co. Website, [http://www.procterandgamble.ru/about/pg\\_russia/](http://www.procterandgamble.ru/about/pg_russia/), (accessed August 27, 2009).

<sup>10</sup> "TMK IPSCO Opens New ULTRA(TM) Premium Connections Production Facility in the Marcellus Shale Region" *Chicago Press release Services*, May 10, 2010, <http://chicagopressrelease.com/press-releases/tmk-ipsco-opens-new-ultra-tm-premium-connections-production-facility-in-the-marcellus-shale-region> (accessed April 21, 2011).