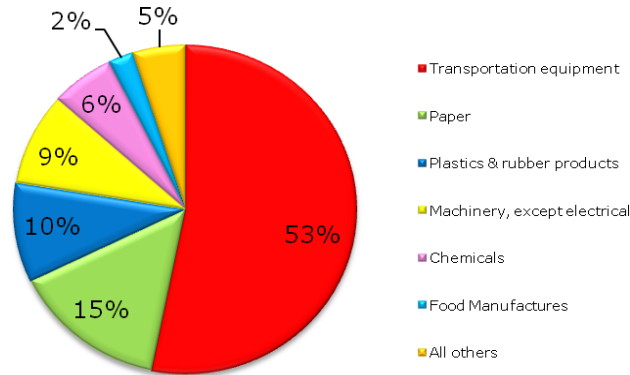


## South Carolina and the Russian Market

### Top Merchandise Exports to Russia

Percent of Total Exports to Russia in 1H 2011<sup>1</sup>



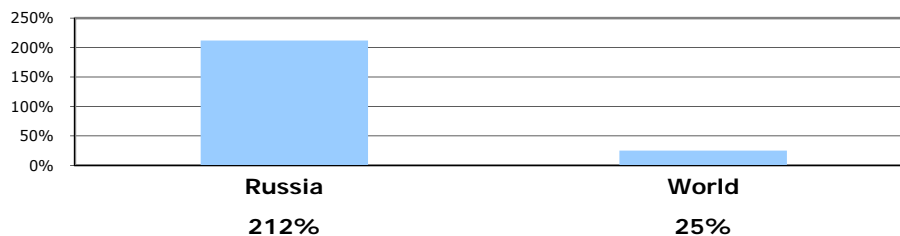
### South Carolina's top exports to Russia are on the rise

Exports to Russia in US\$ Thousands

Product	2007	2008	2009	2010	1H 2010	1H 2011	% Change 1H 2010-1H 2011
<b>Total</b>	<b>59,665</b>	<b>82,536</b>	<b>217,900</b>	<b>41,293</b>	<b>17,856</b>	<b>55,733</b>	<b>212%</b>
Transportation equipment	10,706	13,335	4,566	1,205	554	29,635	5,245%
Paper	3,188	5,802	4,882	8,760	4,127	8,171	98%
Plastics & rubber products	5,544	9,707	4,521	8,922	3,585	5,440	52%
Machinery, except electrical	4,840	13,443	152,428	5,582	3,578	5,063	42%
Chemicals	9,704	11,245	10,768	7,377	2,902	3,344	15%
Food Manufactures	18,664	17,614	6,091	1,147	219	1,334	509%
All others	7,018	11,390	34,645	8,300	2,891	2,747	

### South Carolina's exports to Russia are growing faster than the state's exports to the world

In the first half of 2011, South Carolina's exports to Russia grew 212% over the same period in 2010, while its exports to the world grew only 25%



## Russia's WTO accession will increase opportunities for South Carolina's exporters



**Transportation equipment and machinery:** Russian companies, seeking to replace aging and obsolete equipment, are major importers of high-quality equipment – **Russia's imports of machinery and equipment have grown at least 40% annually in dollar terms every year since 2004.**<sup>2</sup> Meanwhile, as the largest country in the world by territory, Russia needs imported vehicles and machinery to operate a transportation sector capable of bridging the country's vast expanses. Demand for vehicles, equipment and parts in Russia generates significant export opportunities for U.S. manufacturers of transportation and other equipment. U.S. exporters will benefit from the terms of Russia's WTO accession package, in which **Russia has agreed to cut tariffs on manufactured goods to an average of 8%.**<sup>3</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>4</sup>, creating opportunities for U.S. chemical exporters to supply key industries in Russia, including the automotive, oil and gas, construction, and agriculture sectors. **Russia will bind tariffs on chemical products along the processing chain at 5.5% and 6.5% upon accession to the WTO.**<sup>5</sup>



**Food manufactures:** Home to more than 140 million consumers with rising disposable incomes, the Russian market offers opportunities for U.S. firms and farmers seeking to export crops and value-added food products. The U.S. is the **sixth-largest supplier of agricultural goods to the Russian market**, and U.S. agricultural exports to Russia are projected to total **\$1.4 billion in 2011**, up approximately 140% over their total in 2000.<sup>6</sup> In acceding to the WTO, **Russia will be obligated to bind its agricultural tariffs<sup>7</sup> and abide by science-based sanitary and phytosanitary (SPS) standards**, adding more predictability to the trading relationship and opening opportunities for U.S. food exporters.

### Success Stories of South Carolina Companies Active in the Russian Market



**The Boeing Company**, which operates a 787 Dreamliner fuselage assembly facility in North Charleston, South Carolina, sees a strong market in Russia for passenger and freighter aircraft. Over the next 20 years, Boeing forecasts that Russia and the CIS will require roughly 1,080 new planes valued at approximately \$110 billion. In the past 5 years, Russian airlines have purchased Boeing aircraft valued at \$11.5 billion at catalog prices, including twenty-two 787s and eight 777s sold to Aeroflot; five 747-8 Freighters sold to Volga-Dnepr; and fifty 737s sold to Russian Technologies.<sup>8</sup>



**International Paper**, which operates mills and factories across South Carolina, sells paper, packaging and market pulp to Russian customers and has established its *Ballet* and *Svetocopy* paper brands as leading brands in the Russian office paper market.<sup>9</sup> IP's sales in Russia are supported by the company's Russian subsidiary (ZAO International Paper) and its 50-50 joint venture with leading Russian pulp and paper company Ilim Group. The company envisions that, by 2012, every second sheet of paper and every third box in Russia will be made by International Paper / Ilim Group.<sup>10</sup>

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

Air Products and Chemicals, Inc.  
Alcoa, Inc.  
Atlas Copco Drilling Solutions  
The Black & Decker Corporation  
Black & Veatch Corporation  
Caterpillar, Inc.  
CH2M Hill  
Chomarat North America

Chrysler, LLC  
Cryovac Inc. (Sealed Air Corporation)  
Cummins, Inc.  
Deere & Company  
Deloitte  
Domtar Paper Company LLC  
DuPont  
Ernst & Young

Fluor Corporation  
General Electric Company  
Guardian Industries Corporation  
Intel Corporation  
Koppers Inc.  
Pace Global Energy Services, LLC  
PricewaterhouseCoopers  
Russian Mindsets Consultancies

<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> "Импорт по товарам и товарным группам в разрезе ТН ВЭД России," Federal State Statistics Service, <http://www.gks.ru/dbscripts/Cbsd/DBInet.cgi?pl=2123005>, (accessed April 26, 2011).

<sup>3</sup> "Factsheet on U.S.-Russia WTO Bilateral Market Access Agreement," Office of the U.S. Trade Representative, November 10, 2006.

<sup>4</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>5</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>6</sup> "U.S. Agricultural Exports Face Increasing Competition in Russia," U.S. Department of Agriculture, Foreign Agriculture Service, Office of Global Analysis, August 22, 2011.

<sup>7</sup> "Results of Bilateral Negotiations on Russia's Accession to the World Trade Organization (WTO): Agricultural Goods Market Access," Office of the U.S. Trade Representative, November 19, 2006.

<sup>8</sup> The Boeing Company.

<sup>9</sup> "International Paper in Russia," International Paper Website, <http://www.internationalpaper.com/RUSSIA/EN/Company/IPRussia.html>, (accessed December 14, 2010).

<sup>10</sup> International Paper Company.