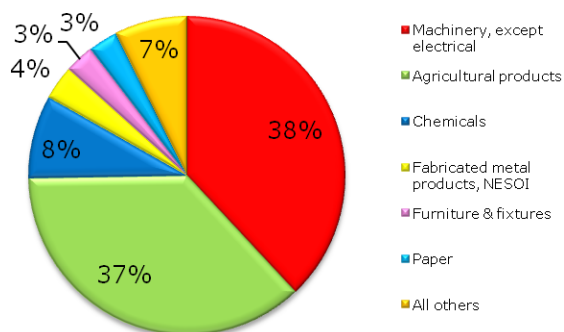


Virginia and the Russian Market

Top Merchandise Exports to Russia

Percent of Total Exports to Russia in Q1 2011¹



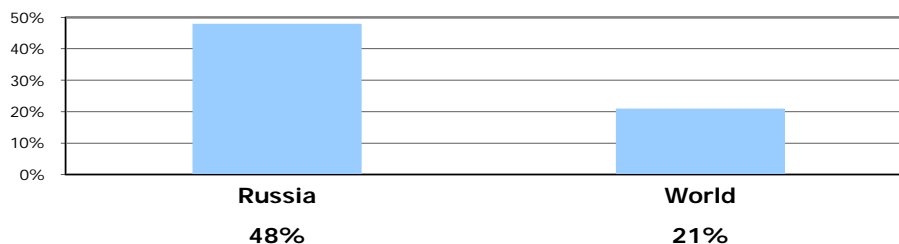
Many of Virginia's top exports to Russia are on the rise

Exports in US\$ Thousands

Product	2006	2007	2008	2009	2010	% Change 2006-2010	Q1 2010	Q1 2011
Total	117,622	161,821	182,036	159,148	173,806	48%	56,780	37,902
Machinery, except electrical	46,288	67,074	70,122	51,926	71,831	55%	12,733	14,396
Agricultural products	7,880	29,896	26,416	42,451	33,941	331%	26,576	13,934
Chemicals	15,125	10,699	17,864	22,185	15,140	---	2,693	3,191
Fabricated metal products, NESOI	2,979	4,690	5,969	3,249	2,055	-31%	176	1,316
Furniture & fixtures	134	566	743	871	1,274	849%	270	1,129
Paper	6,988	6,216	5,919	4,934	6,451	-8%	2,994	1,129
All others	38,228	42,681	55,003	33,532	43,115		11,338	2,808

Virginia is one of the top 10 exporters to Russia among U.S. states and its exports to Russia have grown faster than its exports to the world

Between 2006 and 2010, Virginia's exports to Russia grew by 48%, while its exports to the world grew by 21%



Russia's WTO accession will increase opportunities for Virginia's exporters



Machinery: Russian companies in multiple sectors depend on high-quality imported machinery. Demand for equipment and parts in Russia generates significant export opportunities for U.S. manufacturers. Under the terms of its WTO accession package, **Russia will cut tariffs on manufactured goods to an average of 8%**², providing U.S. machinery exporters with improved market access.



Agricultural products: The Russian market offers opportunities for U.S. firms and farmers seeking to export crops and value-added food products. In acceding to the WTO, **Russia will be obligated to bind its agricultural tariffs**³ and **abide by science-based sanitary and phytosanitary (SPS) standards**, adding more predictability to the trading relationship and opening export opportunities for food producers.



Chemicals: The Russian market for chemicals is valued at \$32 billion, but domestic producers fulfill only half of the market demand⁴, creating opportunities for U.S. chemical exporters to supply key industries in Russia, including the automotive, oil and gas, construction, and agriculture sectors. 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 to the WTO**.⁵

Success Stories of Virginia Companies Active in the Russian Market



The Boeing Company, which employs more than 2,000 workers in Virginia and draws on the goods and services of 700 Virginia businesses, 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 960 new planes valued at approximately \$90 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.⁶



Russia is the largest consumer market in Europe⁷, making it an important market for companies like **Mars, Inc.**, which has been selling its signature candies, soups and pet foods to Russia's 142 million consumers since 1991.

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

Air Products and Chemicals, Inc.
Alcoa, Inc.
American Hardwood Industries
Bentley Systems, Incorporated
Black & Veatch Corporation
Booz Allen Hamilton Inc.
Buchanan, Ingersoll & Rooney PC
Cameron International Corporation
Capital Group Companies
CH2M Hill
Cisco Systems, Inc.
CMA CGM America LLC
Copy General
CRDF Global
Cummins, Inc.
Deloitte
DuPont
Ernst & Young
Exxon Mobil Corporation

Ford Motor Company
General Electric Company
General Motors Company
George Mason University
Google, Inc.
Guardian Industries Corporation
H 2 Gen Innovations
Hogan Lovells
I.S. Law Firm, PLLC
Intel Corporation
International Paper Company
Johnson & Johnson
Koppers Inc.
KPMG International
Lafarge Cement
MeadWestvaco Corporation
MIC Industries, Inc.
Microsoft Corporation
NBC, Inc.

Pace Global Energy Services, LLC
Panalpina Inc.
The Penrod Company
Philip Morris International
PricewaterhouseCoopers
RADVA Corporation
Raytheon Company
Sovereign Ventures, Inc.
Squire, Sanders, & Dempsey LLP
STIHL Incorporated
Technology Management Company
Third Millennium Russia Fund
Trident Group, LLC
TRW Automotive Inc.
United States Industry Coalition, Inc.
Universal Leaf Tobacco Corporation
Venable LLP
Visa Inc.
VMware, Inc.

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

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

³ 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.

⁴ Doing Business in Russia: 2010 Country Commercial Guide for U.S. Companies, U.S. Commercial Service and U.S. Department of State, 2010.

⁵ 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.

⁶ The Boeing Company.

⁷ Russia Retail Loses Global Shine, Leads Europe-Study, Reuters, July 8, 2010.