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Highly Competitive

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Future Growth
Prospects Bright for
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Boost
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TOURISM

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In This Issue

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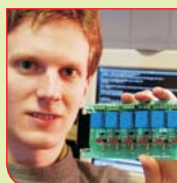
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A Tribute: We salute you, Mr. Chairman



R.K. Prasad
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New Media Staff

It is with profound grief and deep respect that we bow our heads to your memory. Unassuming and without fuss, you oversaw the growth of New Media, the sapling you helped plant and nurture. You had seen it blossom into India's largest publishing house of bilateral trade magazines. Stunned as we are at the suddenness of your demise, we rededicate ourselves to work for the values you had cherished and the standards you had laid down for the publications. You'll forever remain an inspiration for us.



Editorial



Dear Reader,

Greetings. It has been a little more than 15 years since the former members of the Soviet Union launched themselves as the Commonwealth of Independent States (CIS) with a democratic agenda. Their transition from being members of the Communist federation of USSR into democratic nations has seen many ups and downs and the turmoil arising from the radical readjustment to meet new realities and challenges. Most CIS member-nations have since hit the reforms path, the one and only route that can bring them into the global economic mainstream. Leading this group in economic transition is Russia, the biggest and most powerful CIS member. The Russian economy has undergone drastic reforms and the country's transition into a market economy has helped stabilize its GDP growth. The cover story of the current issue of Indo-CIS Business highlights the achievements of the Russian economy, which in 2006 posted an estimated GDP growth of 7.0 percent. The focus of the issue is a study conducted by Auriga that provides a clear perspective of Russia's IT potential. Quoting facts and figures, the study says that Russia is the right professional outsourcing partner for American and European corporations. The World Bank, which forecast the economic outlook for 2007, says that globalization could spur faster growth in average incomes in the next 25 years than during the 1980-2005 period, with developing nations playing a crucial role. But the Bank has warned them not to ignore the issues of social inequality and environment. The current issue carries a report. The CIS region is endowed with nature's bounty. In order to draw more and more tourists to Russia and other CIS nations, a Russian Tourism Fair was held recently, focusing on health and cruise services. We carry a report. Besides, we present a couple of tourism features on Belarus, a land of bewitching beauty and blue lakes. The issue as usual, carries all other regular features.

Wish you happy reading,

Satya Swaroop
Managing Editor
satya@newmediacomm.biz

Domestic Market Boom Helps Boost Russian Economic Growth



The Russian economy is on the upswing, thanks to a revival of domestic demand. Two different studies, one conducted by the World Bank and the other by the organization of Economic Cooperation and Development (OECD) have identified exports and favourable terms of trade as the main features which have been fuelling and supporting domestic consumption. This in turn, accelerated the pace of Russian economic growth, especially during the second half of 2006. Industrial production, which witnessed a slowdown during the early part of the year, picked up during the second and third quarters of the year. Overall, the annual GDP growth has been estimated at 7.4 percent for the year. More importantly, Russia's transition to market economy has helped stabilize the GDP growth.

A booming domestic market continues to drive strong economic growth in Russia, according to a report of the World Bank, released in December 2006. Substantial net capital inflows have now joined receipts from resource exports in fueling domestic demand. In this context, the pace of economic growth has accelerated since the second quarter of the year. Annual GDP growth could reach 7.0 percent. Fixed capital investment and FDI have also exhibited impressive growth. The economic expansion continues to be concentrated primarily in non-tradable

sectors of the economy that have profited from a stronger ruble. Stagnating production, high investment needs, and rapidly-growing domestic demand are raising increasing concerns about the state of the Russian energy sector.

Following the stabilization of oil prices, Russia's large current account surplus has finally begun to contract. Yet a stronger capital account has somewhat compensated for this trend, supporting the continued accumulation of foreign reserves, albeit at a slower pace. Rapid growth in



money supply and higher federal expenditures in 2006 have been largely absorbed by higher-than-expected economic growth. Inflation has slowed considerably in the second half of the year. The planned 2007 budget foresees an expansion of federal expenditures of 0.9 percent of GDP, with priorities in additional expenditures going to the state apparatus, investment and social programs.

Real incomes of the population, wages, and retail trade have been growing in double digits, significantly outpacing GDP growth. Consistent with this picture, import growth soared to 29 percent for the first three quarters of the year.

Recent policy initiatives of the government include a planned package of measures aimed at promoting diversified growth and the innovation economy and new legislative initiatives on migration. A long awaited bilateral agreement with the United States could pave the way for Russia's accession to the WTO in the near future...

GDP and Industrial Production

A slowdown in output growth at the beginning of 2006 gave way to an accelerated expansion of economic activity in the second and third quarters of the year. GDP growth in the second quarter reached an estimated 7.4 percent, bringing the figure for the first half of 2006 to 6.5 percent. The growth in Russia remains concentrated primarily in the production of non-tradable services and goods for the domestic market. Almost fifty percent of the GDP expansion

in the first half of 2006 came from trade and construction.

Russian industry exhibited somewhat more rapid growth (4.3 percent) in the first 10 months of 2006 than during the same period in 2005 (3.7 percent). Within industry, energy and utilities have exhibited somewhat higher growth than in 2005, while the expansion in manufacturing has continued to slow down.

The rapid real appreciation of the Russian ruble (8 percent in the first three quarters of 2006) and double digit increases in real labor costs continue to challenge Russian firms in competition on international markets. Machine building as a whole has not fared well in 2006. The production of machines and equipment has stagnated (0.5 percent growth in the first 10 months of the year), while the production of electro-technical equipment has fallen (-1.5 percent growth). Chemicals grew at only 1.2 percent. Growth in most other sectors of manufacturing was somewhat stronger.

Several industries reported increases in their growth rates for the first ten months of 2006 relative to the same period of 2005. Metallurgy continued to exhibit strong performance, growing at 10.2 percent. The food industry (5.3 percent), coke/oil processing (6.0 percent) and cellulose-paper and publishing (6.8 percent) also exhibited higher than-average growth in manufacturing. The long decline in light industry may have finally bottomed out, with rapid growth reported in textiles and sewing (7.8 percent) and the production of shoes and leather products (13.2 percent). Plastic and rubber products also expanded by an estimated 11.1 percent. Textiles, sewing, plastics, and



rubber products together account for only 4 percent of manufacturing, however, and their growth is from a very low base.

Increasing attention has focused on the Russian gas and electricity sectors, where a combination of rapidly growing demand, stagnating supply, and the depletion of existing fields have raised prospects of additional price increases and possible future shortages. The government has acknowledged the seriousness of the situation, and recently approved a package of measures to increase domestic gas prices and promote the more rapid growth of alternative energy sources (nuclear and coal) for electricity.

Against the above backdrop, there has also been a certain revitalization of discussions for introducing more competition into the gas industry, particular in gas production, as several oil companies have unrealized potential for producing gas. Under the most recent plans, the government will increase domestic gas prices for enterprises by 15 percent in 2007, and between 25-27 percent annually from 2008-2010. Relative increases in gas prices are projected to continue until the profitability for domestic sales and exports is equalized. This does not imply the equalization of Russian and EU tariffs net of transportation costs, however, as the Russian government can use the gas export tax to regulate the profitability of exports. This is a valuable tool, given the fact that export gas prices include rents that Russia receives due to its market power in natural gas.

The question of providing sufficient investment in gas and electricity over the medium term remains one of the most critical questions for Russia's future development. In this regard, Russia's cautious attitude toward foreign investment in the energy sector increases the share of this needed investment that will most likely need to be financed internally through higher tariffs or other means. Higher energy tariffs may become another increasingly limiting factor in the expansion of Russian manufacturing.

Investment

Given Russia's needs in capital and modernization, the government has placed a high priority on increasing fixed capital investment rates beyond the current 19 percent of GDP. 2006 has witnessed at



least some important progress on this front. Fixed capital investment growth accelerated to 12.6 percent during January-October 2006, as compared to 9.9 percent growth in the first 10 months of 2005. Inflows of direct foreign investment increased by an estimated 55 percent during the first three quarters of the year, and reached US\$ 10.3 billion. Along with high profits in the energy sector, the strong ruble and booming domestic market have helped make Russia increasingly attractive to private investors.

The lion's share of investment in Russia is still going to energy, transportation, real estate and services. Other than metals, manufacturing received only 13 percent of fixed capital investment in the first three quarters of 2006. A similar picture of concentration emerges for foreign direct investment. In 2004-2005, manufacturing technically received 30-45 percent of FDI, but much of this was concentrated either in metals or oil processing (from the sale of Sibneft in 2005). Net of those two sectors, Table 4 shows that the share of FDI in other areas of manufacturing has consistently amounted to about 17 percent during those three years. In 2006, the financial sector has attracted a notably higher share of FDI than in previous years...

Rising trade & domestic consumption

The World Bank's assessment is amply supported by a survey made by the Organization of Economic Cooperation and Development (OECD). It says Russian economy continues to grow strongly, buoyed by strong terms of trade, which, in turn, are supporting a boom in domestic consumption.

This survey analyses the main challenges involved in sustaining strong growth over the long term. It argues that growth since 1999 has been largely dependent on transitory factors and that the transition to self-sustaining, investment- and innovation-led growth will require both continued sound macroeconomic management and a range of structural reforms aimed at improving framework conditions for business. The survey assesses recent macroeconomic and structural policy, and introduces the chapters that address the main challenges Russia faces with respect to macroeconomic management, public administration reform, innovation policy and healthcare reform.

Sustaining sound macro-economic management

Macroeconomic management first examines the impact of rising terms of trade on the domestic economy, particularly with respect to exchange-rate appreciation, competitiveness and inflation. It then considers the role of monetary and fiscal policies in ensuring a smooth adjustment to the higher terms of trade. Fiscal policy should be the primary instrument for tackling this challenge. It

therefore focuses on the potential role of a fiscal rule in insulating the economy and the budget from commodity-price fluctuations, and on the management of windfall oil and gas revenues accumulated in the fiscal Stabilization Fund.

Improving the quality of public administration

The inefficiency, corruption and lack of accountability that afflict public administration in Russia impose substantial direct costs on both entrepreneurs and ordinary citizens. This Survey examines the major weaknesses of Russia's public administration and assesses the government's recently revised programme of administrative reform. It lays particular stress on the relationship between public bureaucracies and the larger institutional environment within which they operate, as well as on the need for far greater transparency of public bodies and stronger non-judicial means of redress for citizens wishing to challenge bureaucratic decisions. Many of the problems of Russia's public administration are aggravated by the fact that the Russian state often tries to do too much: the chapter therefore explores the link between administrative reform

Rising Trade & Domestic Consumption

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and the scope of state ownership and regulation.

Enhancing the efficiency of innovation policy

The potential role of innovation policy in enhancing long-term productivity growth in Russia. It begins by exploring the role of framework conditions for business in encouraging innovative activities, particularly with respect to intellectual property rights and competition. Realizing Russia's innovation potential will also require



reform of the large public science sector. This raises issues pertaining to the organization and financing of public research bodies and, in particular, to the incentives and opportunities they face in commercializing the results of their research. Apart from this, the role of direct interventions, such as special economic zones and technoparks, as well as the scope for improving the tax regime for private-sector R&D is also important.

Real GDP growth will remain fairly robust, though moderating gradually over the projection period as the impulse from recent terms-of-trade gains diminishes. Growth will continue to be driven mainly by consumption, but investment growth is also expected to be relatively strong. Inflation is likely to decline despite continued rapid money-supply growth, as rising confidence in the rouble contributes to the rapid growth of money demand. However, inflationary pressures are likely to abate only gradually, given the government's plans for further spending increases in 2007. ■

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Transition to Market Economy Stabilizes GDP Growth



The year 2006 has been better for the Russian economy than was predicted, with the last months of the year witnessing the most good news.

According to data from the Ministry of Economic Development and Trade, Russia's GDP growth in October, 2006 alone was 8.2 percent higher than in October 2005.

However, this is not the only reason for optimism. Also in October, total investment in the Russian economy increased by 19.1 percent over the same month in 2005. The 2006 annual indicator may be 13.2 percent higher than the 2005 figure.

Russia's GDP growth in 2005 was 6.9 percent. This is a respectable indicator and higher than expected: the forecast was 6.0 percent. Over the course of the year, this figure was revised upwards, but the final result exceeded the boldest of predictions.

Russia's economic indicators for last year are good not only because they exceeded the forecast. An increase of less than one percentage point is not in itself a great achievement. The main reason to celebrate is that the trend towards a slowdown in economic growth that has persisted over the past several years has been reversed. In 2003, Russia's GDP grew by 7.3

percent, in 2004 by 7.2 percent, and in 2005 by 6.9 percent.

Of course, only performance in 2007 will show whether the year 2006 has signaled a turning point or not. The dynamics of Russia's economic development in 2006 have led to another significant conclusion. Based on last year's results, we can state with confidence that the country's deepest economic recession of its transition to a market economy has been completely overcome.

Note that by 1998, Russia's GDP had fallen by nearly 40 percent from the 1991 level (as you may remember, economic reforms in Russia were launched in January 1992). Thus the Russian economy hit rock bottom in 1998. The decline lasted for seven years after the start of reforms, and in 1999 Russia's economy began to slowly grow again. It took eight years of growth, including last year, for Russia's GDP to fully recover. The 2006 figure means that Russia's transition to a market economy is complete. The economy has been fully restored to its pre-reform level.

Surely, one indicator is not enough to draw such a serious conclusion. Do not forget, however, that GDP is the key macroeconomic indicator. Such conclusions, therefore, can be made,



though with some reservations.

Other Economic Indicators

Inflation last year was about 9.0 percent, its lowest level in 15 years. It is also significant that for the first time in the past several years inflation is no longer recorded in double digits (in 2005, Russia's annual inflation was 10.9 percent).

Note that the initial forecast for inflation last year was 7-8.5 percent, which means that the planned targets had not been met. Nevertheless, the year-end results are respectable. Russia's lasting economic growth has served as the foundation for achieving the level of inflation in 2006. The government's efforts to restrict the money supply and the Stabilization Fund's efforts to sterilize it have also had a positive effect. However, there are still reserves left for curbing inflation in 2007. Russian commodity producers' competitive potential has not been fully taken advantage of.

Foreign Investment

Foreign investment is a major indicator of investment activity in general. A total of \$130 billion in foreign capital had accumulated in the Russian economy by late September, 2006. In January-September, the Russian economy received \$35.3 billion in foreign investment, or 31.7 percent more than in the same period in 2005. It is



interesting that Russian investment abroad amounted to nearly the same sum, \$34.6 billion, registering a 51.4 percent increase over the previous year's figure. There is little doubt that the total figure for 2006 will be even higher. However, Russian investment abroad will still nearly equal foreign investment in Russia.

On the one hand, Russian investment abroad is growing. On the other hand, this growth far outpaces the growth of investment in Russia. This means that in the near future Russian investment abroad will exceed foreign investment in the Russian economy. Russia is becoming a kind of global donor.

It is good that Russia has money to invest, but it is also clear that it desperately needs investment itself.

Reasons Behind Fast Economic Growth

It might seem paradoxical, but the government cannot find a proper answer to this important question. In spite of the lack of an explanation, the government can certainly come up with replies to the question of economic growth. For instance, it has credited customs and amortization policies.

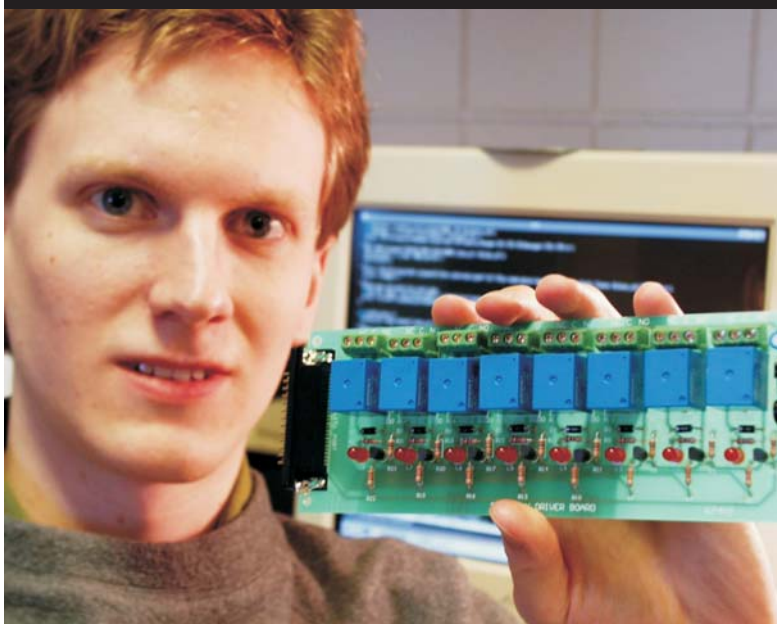
Moreover, Russia's Finance Ministry says that the decision to reimburse the value-added tax as soon as possible has served as an economic accelerator in general. Apart from this, the government has explained the surge in economic activity by the launch of the Investment Fund. ■



Russian IT Skills are Highly Competitive

-Auriga Survey

Dr. Alexis Sukharev, President & CEO of Auriga, Inc. argues that Russia is the right professional outsourcing partner for American and European corporations. The main benefit that Russian software outsourcing could bring to outsourcing clients is a talented Russian IT skills pool that is widely recognized for their capabilities to solve complicated tasks. A survey made by Auriga proves that Russia's competitive advantage is its high quality education system that focuses on fundamental engineering knowledge. The research also found that the influx of new IT labor amounted to 244,468 people during the 2005-06 academic year. This means that the total new IT labor in Russia is slightly lower than in India - which grew by 246,000 people in 2005-06, but the gap is considerably smaller than many had guessed.



When it comes to making a decision regarding an outsourcing contract, for a client, partner's IT skills is the most critical issue to consider. It is equally important to understand exactly the benefits can outsourcing service buyers receive from cooperation with a particular labor market.

While Indian and Chinese outsourcing providers are mainly known as professionals in 'simple coding' Russian programmers undertake and successfully perform difficult and diverse software projects that involve more current high technologies.

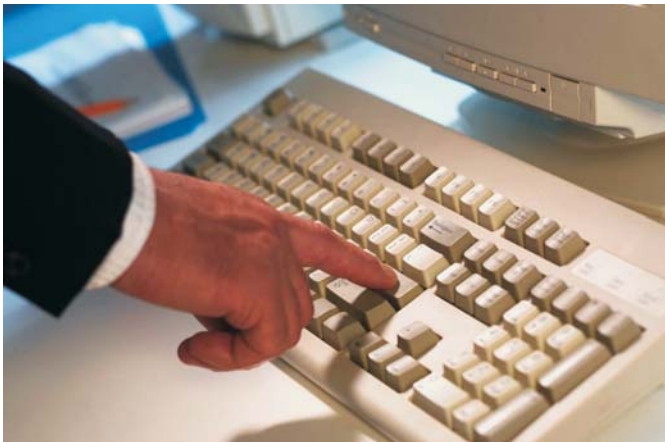
Russian IT potential is rooted in world-class R&D traditions, supported by the large number of scientists, mathematicians, engineers, and other IT specialists. Russian IT personnel have 'genetic memory' of handling complicated R&D projects and have inherited creativity and ability for engineering innovations from the Soviet-era educational system.

Russian programming talent is proven by the statistics from the Annual ACM International Collegiate Programming Contest a global tournament among programming teams from leading universities. Russians are consistently among top winners of the tournament for the past several years, winning gold medals four times since 2000.

Russian IT skills are also beneficial for potential service buyers because of cultural proximity to Western Europe and the U.S and English language skills.

According to Auriga's Russian IT labor market Survey conducted in 2006, 53 percent of the employees of the Russian software outsourcing companies have advanced language skills. Russia has the largest number of science students among the total number of students according to UNESCO and Federal Statistical Office of Germany.

What is the current situation with Russian IT labor and fresh IT labor potential, what is the number of the fresh IT labor supply in the Russian software outsourcing industry? I have requested this research specifically with intent to answer these questions and show real figures supported by actual statistics.



Tech Skills Among Key IT Outsourcing Driver

Outsourcing landscape is constantly changing. Today, many buyers are actively outsourcing IT functions to multiple locations, including Russia. While cost-saving is still the dominant driver for outsourcing decisions, there are other compelling reasons for turning to outsourcing vendors, such as gaining access to world-class skills. With its huge sustainable supply of highly skilled resources, Russia is poised to become a strong and viable location for outsourcing

Research Scope

Auriga, Inc. conducted its third study of Russia's IT resources to get a better understanding of Russia's IT capabilities in terms of the new IT labor supply. The study focused on evaluating the number of new IT graduates coming out annually of Russia's universities. The task seemed all the more important as there are no official statistics on the nation's IT resources, and different independent analyses give highly variable estimates.

Our quantitative research was based on the data provided by the Center for Processing and Distributing Statistical Information. This organization operates as a division of Russia's main statistics agency the Federal Statistics Service (ROSSTAT). We analyzed University Graduate Statistics Annual Reports for three academic years: 2002/2003, 2003/2004, and 2005/2006. These reports showed the number of newly qualified university graduates by specialty.

In addition, we conducted a review to analyze Computer Science and Computer Engineering programs and curricula for selected universities in Moscow and other Russian regions. We did it to see how well-trained non-IT engineering graduates are to perform successfully in the IT field. By comparing and contrasting findings from previous years we were able to track the development of this significant group of the nation's IT resources. The research

was also intended to help identify the IT workforce needs and proactively address them.

Key Findings

The following groups of specialties have been defined by ROSSTAT's University Graduate Statistics Annual Reports:

IT Science and Engineering Graduates

This group constitutes the bulk of new IT professionals and embraces University graduates with majors in Computer Science; Computer Engineering; Automatic Control and Systems Engineering; Instrumentation Engineering; Computer and Information Sciences in Education; Information Security; and others. Expertise Delivered Worldwide

Math and Physics Graduates

The Russian education system has always placed strong emphasis on science and mathematics, resulting in a large number of graduates in mathematical, physical, and related sciences, such as Mathematics, Applied Mathematics and Information Science, Mathematical Support and Administration of Information Systems, Physics, Radio Physics and Electronics, and more. Russian math and physics graduates are well-trained in IT. They possess the foundation knowledge and skills needed to build a long-term career in IT.

Non-IT Engineering Graduates Trained to Enter the IT Field

This group comprises graduates in various engineering fields with advanced academic training in Computer Science and Computer Engineering, which allows them to enter the IT workforce. These engineering professionals have a five-year university degree in Aerospace Engineering, Power Engineering, Electrical Engineering, Marine Engineering, and others.

Non-Engineering Graduates Trained to Enter the IT Field

With 5-year university degrees in Economics and Management, these specialists have been educated and trained with focus on the integration of management and IT knowledge and skills. They possess strong business skills such as needs analysis, project management, client/customer relations, understanding company financial information, and cost-benefit analysis, which have become increasingly important for IT workers.

Overall, all graduates in these four groups have 5-year degrees in science, mathematics, or engineering disciplines. These degrees are on the par with Master's

degrees in North America. With their deep fundamental knowledge in IT and strong skills in particular IT disciplines, Russian graduates are well-trained to enter the IT field as new workforce entrants. They are also well prepared to update, expand, or deepen their skill sets to keep pace with technological change and maintain their labor market viability.

Our research highlights the fact that over the past four years the number of Russia's IT graduates has been steadily growing at an average of 10 percent every year. The most dynamic group is that of IT Science and Engineering graduates, which has increased 34.5% from last year. This demonstrates that Russia's pool of highly skilled and competent IT workforce is growing rapidly to meet the

industry demands nationally and globally.

Our findings show that Russia's potential new IT labor supply is represented by higher education graduates could be compared in terms of numbers with India's new IT workforce entering the IT industry. Russia's competitive advantage is its high quality education and training, with focus on deep fundamental knowledge, which prepares our IT graduates for technological change and learning new technical skills when needed, rather than just being proficient in the "skill of the day". The research findings also demonstrate that Russia has strong IT manpower development capabilities which enable Russian IT workers to be globally competitive and on the leading edge of technology. ■

Auriga Expands to Software Localization

Auriga, the first American IT outsourcing services provider with development centers in Russia, being in tune with the global IT market tendencies towards globalization, is offering a new service - software localization.

Auriga's current service lines cover comprehensive software lifecycle-development, porting, re-engineering, testing, release engineering and software maintenance. In a step to fully complement its services Auriga launches localization service to its clients. Auriga supports global IT corporations with software, website, and documents localization. The new offering is supported by Auriga's proven experience in quality-oriented and customer-focused IT projects. Localization requires linguistic and technical accuracy where the company rigorously applies its extensive expertise.

"Being in close interaction with our clients and on the cutting edge of global IT, we see a growing demand for localization services from the leading IT and software corporations. It is essential to be able to provide technical quality and linguistic consistency while performing localization projects," says Alexis Sukharev, Auriga's President and founder. "More than 15 years of



experience in software development enables us to apply best practice to localization adjusted to individual client's requirements."

Auriga is offering a wide variety of services such as translation to numerous European languages, resource files localization for software products, preparation of documentation in various DTP systems and formats, localization engineering - embedding the translated files into the original software, testing and many more to meet the growing demand in this market space.

About Auriga, Inc.

Auriga is the American IT outsourcing services provider with development centers in Russia (since 1990). Auriga was the first to adopt the Remote Engineering Center (REC) concept as its driving strategy. Recognized as one of the Top 5 outsourcing providers in Central & Eastern Europe, Auriga focuses on delivering robust business and technology solutions to the high-tech and specialty equipment manufacturers worldwide. Auriga's client list includes such industry majors as IBM, Dräger Medical Systems, LinuxWorks, NMS Communications, and many others. ■



The Buyer's Guide to the Russian IT Outsourcing Industry is the first comprehensive overview of the rapidly developing Russian IT outsourcing industry from a third-party, independent point of view in an easily accessible format. Compiled by Daniel M. Satinsky, the Buyer's Guide contains original and reprinted materials that provide practical information and advice from experienced business executives, analysts, academics and attorneys, case studies from both customers and vendors, and a list of resources for further research.

The Buyer's Guide to the Russian IT Outsourcing Industry is an essential reference guide for any business or organization investigating Russia as an outsourcing destination. While exploring the capabilities of individual outsourcing service providers, purchasers of outsourcing services also need insight into the nature of the Russian business environment and the overall status of the Russian outsourcing industry. The Buyer's Guide provides this information through a collection of the best analysis and information available today about the Russian IT industry.

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Russia signs pact with US on WTO Accession

The United States and Russia have recently concluded bilateral negotiations on market access issues related to Russia's accession to the World Trade Organization (WTO). The two sides have signed a bilateral agreement in Hanoi.

"This agreement marks an important step in Russia attaining membership in the WTO," said U.S. Trade Representative Susan C. Schwab. "It is a clear indication of Russia's efforts to participate fully in and benefit from the rules-based global trading system. We came close to completing our work in July, but needed more time to conclude a strong commercial agreement that will be of benefit to both our countries."

Background

Russia has been negotiating with the United States and other WTO members the terms of its accession to the General Agreement on Tariffs and Trade (GATT), and then to the WTO, since 1994. To complete its accession bid, Russia must finalize all its bilateral market access agreements and then complete multilateral negotiations on a comprehensive Working Party Report and Protocol of Accession.

Over the course of the negotiations, the Administration has consulted closely with the Congress about America's concerns and interests, most particularly Members and Staff of the House Ways and Means Committee, the Senate Finance Committee and the House and Senate Agriculture Committees, the IPR Caucus, and other interested Committees.

Congressional action is ultimately necessary to enable the United States to grant Permanent Normal Trade Relations (PNTR) to Russia. This will be necessary for U.S. businesses, farmers, ranchers and others to enjoy the benefits flowing from Russia's membership in the WTO, once Russia completes the final multilateral phase of its accession negotiations.

Fact sheet on US Russia WTO Bilateral Market Access Agreement

The United States and Russia have reached agreement in

principle on a bilateral market access deal

in the context of Russia's efforts to join the WTO, and are in the process of finalizing the details. We hope to sign the Agreement in Hanoi on the margins of the APEC meetings next week. Both sides are consulting with domestic constituencies on the results.

The Agreement

- Creates new market access opportunities for U.S. providers of goods and services to the Russian market. It is a strong commercial agreement that should strengthen economic relations between our countries.
- Addresses long-standing trade irritants between the two sides and puts our trade relations on a more cooperative course, particularly with respect to agriculture where our veterinary services will work closer together.
- Sets the stage for an intensification of work in the multilateral phase of negotiations where the United States will work in close collaboration with Russia and other trading partners on Russia's Protocol of Accession and Working Party Report.
- Encourages greater transparency and a strengthening of the rule of law in Russia and fosters economic reform in Russia, which will improve the conditions for expanded commercial relations between our countries.

Highlights and Key Results:

Agriculture:

- Russia is almost a \$1 billion export market for U.S. agriculture products, and our largest export market for poultry.
- The 2003 Bilateral Meat Agreement, which covered beef, pork and poultry, will continue to be in force through 2009. Our WTO Bilateral Market Access Agreement provides the framework for Russia's post-2009 treatment of these key products in the WTO.





- We also resolved long-standing issues that had impeded U.S. agricultural exports of beef, pork, poultry, and products of biotechnology. These commitments take effect upon signature of the bilateral market access agreement.
- The tariff commitments will benefit U.S. farmers, ranchers, and food processors of wheat, corn, barley, apples, pears, grapes, raisins, almonds, walnuts, pistachio nuts, dairy, soybeans, soybean meal, soybean oil, pet food, pork, beef and poultry, among others, once Russia joins the WTO and we apply the agreement.

Industrial Goods:

- Russia is currently a \$2 to \$3 billion market annually for U.S. industrial and consumer goods and is one of our fastest growing markets.
- Russia agreed to cut tariffs on manufactured goods to an average of 8 percent. Industrial goods important to the U.S. Russian commercial relationship will realize even larger tariff cuts. Sectors that will benefit from substantial tariff cuts include civil aircraft and parts, medical and scientific equipment, agriculture, power generation and construction equipment, information technology, and chemicals.
- Russia also will establish a much more transparent system



for the import of electronic goods with encryption, a major U.S. export, which permits a simple one-time notification of many products and sets specific ground rules for granting licenses for products that require an import license. We will be working with the Russian side on the details of this system.

Services:

- Russia agreed to provide improved market access for U.S. service suppliers in a broad range of important sectors, including audiovisual, construction, distribution, express delivery, engineering, environmental, financial, telecommunications, fixed satellite, and business services.
- On banking and securities, Russia agreed to allow up to 100 percent foreign ownership of banks, broker dealers, and investment companies upon accession.
- On insurance, Russia will allow foreign insurance companies to operate through subsidiaries, including 100% foreign-owned non-life insurance companies, and branching after a transition period.
- Russia retains the discretion to impose limits on new foreign direct investment in the banking and insurance sectors, if the ratio of foreign investment (excluding many investments) to total investment in the sector exceeds 50 percent.

Intellectual Property Rights:

- Together we agreed to a binding blueprint for actions to address piracy and counterfeiting and improve protection and enforcement of intellectual property rights before Russia completes its accession to the WTO. This agreement sets the stage for further progress with Russia on IPR issues through the next phase of multilateral WTO negotiations so that Russia will fully implement TRIPS upon accession.
- Russia has agreed to take specific actions, and to enact laws by specific dates, to fight optical disk piracy and internet piracy, and work to enact laws by specific dates to protect pharmaceutical test data, establish tougher criminal penalties for IP crimes, strengthen border enforcement, and bring its IPR legislation into line with international norms. There are specific deadlines built into the agreement.
- Russia has committed to fully implement the TRIPS Agreement and other IPR-related international agreements upon accession, and to ensure that any changes to its existing legislative regime for IPR, including those made in the context of Part IV of the Civil Code, do not reduce consistency with key international IPR standards. ■

Russians Get Down to Business

How do Russian and American businesses compare? "Same models and tools, but different interpretation," said Russian business student Victoria Psaryova.

The 20-year-old Moscow State University undergraduate joined 24 of her colleagues and their teachers at Northeastern for a two-week High Technology Business Course that combined class work with tours of area businesses. Business professors Daniel McCarthy and Sheila Puffer organized the course, with help from other College of Business Administration faculty and staff.

The course, which ended Thursday night with a dinner at the Faculty Center, marked the first of what is hoped will be ongoing exchanges with the Russian university, according to professor Oleg Vikhanskiy, dean of MSU's school of business administration.

"The program, which took almost six months to prepare, consists of classroom instruction, visits to Boston-based companies and business trade associations, and extensive cultural excursions," Vikhanskiy wrote in an e-mail. "After discussing cases in the class, students went to companies and met with main characters from the cases," he wrote. "It serves as a bridge between academic programs and applications real business practices and, I believe, gives a lot of inspiration and motivation for future achievements."

The group visited Charles River Labs, Clean Harbors, Evergreen Solar and IBM Software, all of which have executives with an alumni or faculty relationship to Northeastern, noted McCarthy. They also attended a conference of the US-Russia Chamber of Commerce of New England, a group with which McCarthy and Puffer are affiliated, and met with faculty and administrators at Harvard University and the Massachusetts Institute of Technology. Northeastern's signature melding of academic and practical experience drew praise from the students as well.

"What really impressed us most is a sophisticated combination of theory and a practical part presented in each lecture," said Natalia Zaytseva. It was a great pleasure to be educated by professors who are constantly involved in business activity and moreover run their own companies." The students "all spoke English very well,"

said Puffer, "and many of them were very effective in participating in our case discussions." Vikhanskiy, who taught at Northeastern in 1992, pointed out that the students most of them in the United States for the first time weren't in Boston merely to work.

"The cultural part of the program can't be overestimated," he wrote. The students, who stayed in university housing on Columbus Avenue, had "a unique chance to learn the culture of this country and to experience the American style of life. And I am happy that they did it in Boston, a town with a rich history, great people and a multinational quarter-million-student community. "We are especially happy to have been here on July 4, the most impressive and important American national holiday," he wrote. Psaryova called America "a hospitable country," and fellow student Zaytseva said Northeastern gave her group "a warm welcoming." Puffer and McCarthy, who have worked for years with Moscow State University faculty, said MSU professor Alexander Naumov who has also taught at Northeastern, and who coauthored a book with Puffer proposed the program earlier in the year.

But Northeastern has had a formal partnership agreement with MSU since 1990, Puffer said, and even earlier than that, Vikhanskiy and Naumov, the associate dean, created MSU's business school by modeling it on Northeastern.

Several Northeastern journalism students attended classes at MSU in 1990, and over the years four MSU students have earned their master's degrees in business administration at Northeastern.

"The main obstacle" to more exchanges "has been that not many of our students speak Russian," said Puffer. "But we're looking into possibilities." McCarthy said business Dean Thomas Moore will soon go to MSU, and "expects that there will be more collaboration beyond what we've done personally. ... He's pretty aggressive to expand our international initiatives."

The professors praised the help of Carolyn Boviard in the office for corporate programs at the College of Business Administration, and M.B.A. student Margarita Hunter, a Russian native who worked with the visiting students. ■

Muir Marketing: A Business development tour Of CIS

Muir Marketing Communications conducted a comprehensive new business development trip in the CIS (Commonwealth of Independent States) which included Georgia, Armenia, Moldova and Russia (Moscow, Volgograd and Krasnodar) during July and August, 2006. A report.

We left expecting fifteen lengthy meetings and facility tours, what we got were 27 meetings in three weeks, little sleep and memories to last a lifetime. It was a true hands-on experience bouncing along the length of Georgia, Armenia, Moldova and south-western Russia - by car.

The businesses we visited were in the agriculture, alternative energy, construction, electronics, wine and tourism categories. What we had to offer was marketing and financial assistance along with agricultural and alternative energy (bio-diesel and bio-ethanol) equipment and expertise. Appointments were arranged in advance by our network of representatives in the former Soviet Union.



We found enthusiastic entrepreneurs and appreciation for our willingness to patiently travel to each site regardless of distance. Currently we are identifying American partners and financing sources for our potential new clients overseas.

Invest in Georgia

We were proud to participate in the recent "Invest in Georgia" conference at the New York Hilton.

Many informative presentations were made by Georgian government and industry leaders including Prime Minister H.E. Zurab Nogaideli and Dean White, General Director of our client UEDC (United Energy Distribution Company) and Senior Partner of international consulting firm PA Consulting.

Of special interest was Mr. White's announcement that PA had actually made an offer to purchase the UEDC, something Mr. Nogaideli noted as a true reflection of informed confidence in the future of Georgia's largest energy utility.

We were also pleased to see a portion of our branding campaign for UEDC, "First Steps to a Brighter Future" displayed at the end of the presentation.



Russia-centric Investment Forum in Manhattan

In early September we attended a conference at the Bar of the City of New York which was followed by a lengthy reception in another "bar" - at the nearby Williams Club.

The forum was timely considering the appearance of recent Russian securitization deals and an increasing number of IPO's. In attendance were representatives of the Russian Mission to the United Nations, the Consulate General of the Russian Federation in New York, Moody's Investment Service, Standard and Poors, Nixon Peabody, World Bank, EBRD, OPIC, Deutsch Bank and many others.

Rather than merely a day long advertisement for the Russian investment climate, presentations were objective and encouraged transparency. The program was of great value to bankers, rating agencies, lawyers, private investors and companies like Muir Marketing seeking to facilitate the business growth of clients in Eurasia.

The general consensus of the day long program was that Russia has a vastly different and improved economy than the days following the financial crisis of 1998 - but investor



perception has lagged behind. Stereotypes of Russian corruption, organized crime, tax evasion and dubious accounting practices still linger in the minds of investors.

There are now truly unique money making opportunities in Russia including, real estate and natural resources. Nevertheless, extensive due diligence, as always, remains essential for success.

Tbilisi: World's Latest Golf Destination



It was a long journey from communist dictatorship to the establishment of the Tbilisi Golf Club, but that is exactly what happened in the former Soviet Republic of Georgia. Among those invited to a kick off celebration (food, music, speeches) at a hillside driving range were government officials, artists, media representatives and a visiting American marketing firm...The crowd had to duck as balls flew left, right and occasionally even straight as Georgians tried the sport, most for the first time.

The unexpected golf outing came on the last day of a highly successful business trip to the Caucasus. Agreements have now been worked out between Muir Marketing Communications and a Georgian firm to provide a variety of services to businesses based in the region as well as Western firms looking for market entry into this untapped portion of the former USSR.

World Bank launches new 3-year country partnership with Russia

The World Bank's Board of Executive Directors have recently endorsed a new three-year Country Partnership Strategy (CPS) for Russia which marked a shift towards new ways of cooperation focused on knowledge sharing, increased technical advice and financing to the country's regions, new fee-for-service arrangements for investment and policy advice, combined with continued strong levels of financing to the private sector and limited financing for assistance in managing priority public investments.

The CPS details the Bank Group's work plan to assist client countries to achieve their development goals, and describes the Bank's planned assistance program in the country lending, analytical work, and technical assistance. Priorities of the new Russia CPS, which will cover World Bank Fiscal Years 2007-2009, include helping Russia sustain the impressive and rapid growth it has achieved in recent years; bettering management of the public sector and improving governance; ensuring that social and communal services are provided to the people of Russia; and helping Russia make the most of its newly emerging role as a development donor and global partner on the world stage. The CPS was developed in close partnership with the Russian government and integrates the future programs in Russia of three sister organizations within the World Bank Group the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA).

The CPS builds on Russia's recent accomplishments yet recognizes that important development challenges remain. Russia has experienced five years of strong economic growth and poverty reduction. Furthermore, sharp increases in the prices of Russia's main export commodities, particularly oil and gas, have filled the coffers of the federal government, and provided for the accumulation of over US\$300 billion in monetary and fiscal reserves. Russia's global role as G-8 member, emerging donor, and provider of world energy has expanded notably.

Accordingly, recent years have witnessed the beginning of a major transition in the nature of cooperation between the World Bank Group and the Russian government. The new



CPS outlines a plan for completing this transition to a relationship that is based on new ways of cooperation.

"The new CPS for Russia reflects the strong partnership between the country and the World Bank, based on knowledge sharing, policy advice, and global initiatives," said World Bank Country Director for Russia Kristalina Georgieva.

New borrowing by the federal government will be limited over the period of the new CPS, whereas the use of direct private sector financing, guarantees, and new fee-for-service arrangements for investment and policy advice are likely to grow. Additionally, an important aspect of the new CPS is the shift toward sub national lending without sovereign guarantees, said Georgieva. "Increasingly, we will be working directly with Russia's regions in the years ahead," she added.

The CPS is organized around four central themes which help address Russia's key remaining development challenges:

- **Sustaining Rapid Growth**, including active participation in economic policy debates, monitoring the

investment climate, supporting public investment and Public-Private-Partnership for growth and diversification, working with regions to identify and overcome barriers to growth, supporting investments in priority areas at the regional level, and providing direct assistance to the private sector.



• **Improving Public Sector Management and Performance**, including remaining engaged in supporting programs for modernizing selected public sector institutions, and improving government administration, the judiciary, local self-government, and budgetary

management at federal and sub-national levels.

• **Improving the Delivery of Social and Communal Services.** In addition to continued general cooperation with the federal government, the Bank will concentrate much of its support for improving social service delivery at the sub national level. Activities will include improving the health of the general population, modernization and improvement of the education system and vocational training, upgrade of targeted social assistance and improvement in the provision of housing and communal services, among other things.

• **Enhancing Russia's Global Role.** The Bank will step up cooperation with the Russian government in support of its emergence as an international donor and active member of multilateral organizations. This will include assistance in establishment of an Official Development Assistance system for Russia as an emerging donor, and providing access to the Bank's instruments for channeling Russian development assistance, including arranging an Africa debt-for-development swap and assisting in the establishment of a Malaria Booster Trust Fund and other development aid contributions.

Social, environmental Issues need more focus

Future Growth prospects bright for Russia: WB

Globalization could spur faster growth in average incomes in the next 25 years than during 1980-2005, with developing countries playing a central role. However,



unless managed carefully, it could be accompanied by growing income inequality and potentially severe environmental pressures, predicts the World Bank.

According to the global economic prospect of 2007, growth in developing countries will reach a near record 7 percent this year. In 2007 and 2008, growth will probably slow, but still likely exceed 6 percent, more than twice the rate in high-income countries, which is expected to be 2.6 percent.

On how globalization will shape the global economy over the next 25 years, the report's 'central scenario' predicts that the global economy could expand from \$35 trillion in 2005 to \$72 trillion in 2030. "While this outcome represents only a slight acceleration of global growth compared to the past

25 years, it is driven more than ever before by strong performance in developing countries," said Richard Newfarmer, lead author and Economic Advisor in the Trade Department. "And while exact numbers will undoubtedly turn out to be different, the underlying trends are relatively impervious to all but the most severe or disruptive shocks."

Broad-based growth in developing countries sustained over the period would significantly affect global poverty. "The number of people living on less than \$1 a day could be cut in half, from 1.1 billion now to 550 million in 2030. However, some regions, notably Africa, are at risk of being left behind. Moreover, income inequality could widen within many countries, compounding current concerns over inequality between countries," said François Bourguignon, World Bank Chief Economist and Senior Vice President, Development Economics.

Global trade in goods and services could rise more than threefold to \$27 trillion in 2030, and trade as a share of the global economy will rise from one-quarter today to more than one-third. Roughly half of the increase is likely to come from developing countries. Developing countries that only two decades ago provided 14 percent of manufactured imports of rich countries, today supply 40 percent, and by 2030 are likely to supply over 65 percent. At the same time, import demand from developing countries is emerging as a locomotive of the global economy.

Continuing integration of markets will make jobs around the world more subject to competitive pressures. "As trade expands and technologies rapidly diffuse to developing countries, unskilled workers around the world - as well as some lower-skilled white collar workers - will face increasing competition across borders," explains Uri Dadush, Director of the World Bank's Development Prospects Group and International Trade Department. "Rather than trying to preserve existing jobs, governments need to support dislocated workers and provide them with new opportunities. Improving education and labor market flexibility is a key part of the long-run solution."

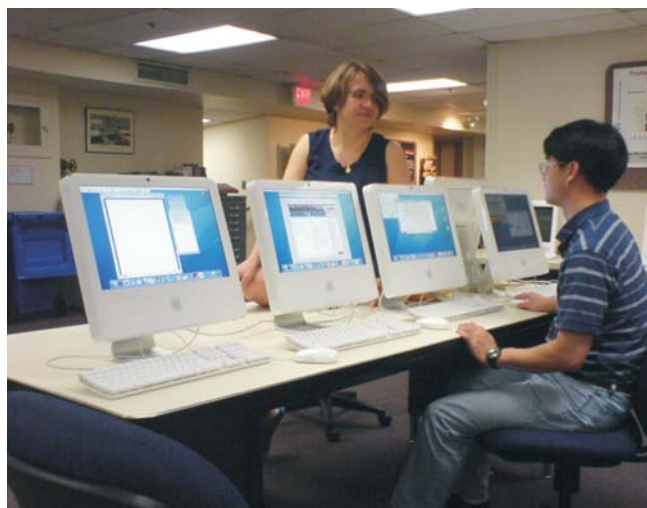
Globalization is likely to bring benefits to many. By 2030, 1.2 billion people in developing countries- 15 percent of the world population- will belong to the "global middle class," up from 400 million today. This group will have a purchasing power of between \$4,000 and \$17,000 per capita, and will enjoy access to international travel, purchase automobiles and other advanced consumer durables, attain international levels of education, and play a major role in shaping policies and institutions in their own

countries and the world economy.

The next wave of globalization will likely intensify stresses on the "global commons," which could jeopardize long-term progress, the report warns. Nations will have to work together to play a larger role in issues involving global public goods - from mitigating global warming, to containing infectious diseases like avian flu, to preventing the decimation of the world's fisheries.

According to the report, global warming is a serious risk. Rising output means that annual emissions of greenhouse gases will increase roughly 50 percent by 2030 and probably double by 2050 in the absence of widespread policy changes. To avoid this, policies will have to promote "clean" growth so as to limit emissions to levels that will eventually stabilize atmospheric concentrations. Moreover, poor countries will need development assistance to adapt to coming environmental changes, including support for their participation in the carbon finance market.

The authors conclude that the challenges of rapid globalization put new burdens on both national policymakers and international officials. Nationally,



governments need to ensure that the poor are incorporated into the growth process through pro-poor investments in education, infrastructure, and support mechanisms for dislocated workers. They need to support and invest in workers- all the while promoting rather than resisting change.

Internationally, the report calls for stronger institutions for tackling threats to the global commons. It also calls for more and better development assistance. Reducing barriers

Tashkent Fair Helps Boost Indo-Uzbek Trade

E.V.K.S. Elangovan, Minister of State for Textiles led a high-level delegation to the 3rd Indian Trade Exhibition held in Tashkent from 6-8 October, 2006. The exhibition was organized by the Indo-CIS Chamber of Commerce & Industry in collaboration with the Ministry of Foreign Economic Relations, Investments & Trade and the Chamber of commerce & Industry of the Republic of Uzbekistan.

Leading public sector undertakings such as the State Trading Corporation (STC), Basic Chemical, Pharmaceuticals & Cosmetics Export Promotion Council (Chemexil), Tea Board, Coffee Board, Spices Board and other leading private companies including Kirloskar Brothers participated in the exhibition. The Exhibition featured a wide range of products, goods and services including electronic and telecommunication equipments, fashion accessories, garments, handicrafts, tobacco, pharmaceuticals, chemicals, textile dyes, tea, coffee, spices and plastic items etc.

The Trade Exhibition was inaugurated by Elangovan, at a gala ceremony at Le Grande Plaza Hotel on 6 October, 2006. The inauguration ceremony was attended by Skand Ranjan Tayal, Ambassador of India, Alisher Erkinovich Shaykhov Chairman, Chamber of Commerce and Industry of Uzbekistan, Nodir Kalandarov, First Deputy Chairman and Chief Manager of 'Uzbekengilsanoat' (Uzbek Light Industry), Chairman and other office-bearers of Indo-CIS Chamber of Commerce & Industry and senior officials of the Ministry of Foreign Affairs, Ministry of Foreign Economic Relations, Investments & Trade, and Ministry of Agriculture of the Republic of Uzbekistan.

In his inaugural speech at the Exhibition, Minister E.V.K.S. Elangovan noted that the exhibition would help expand

trade relations between Uzbekistan and India and provide an excellent opportunity for developing interaction between businessmen of the two countries. He added that the Sixth Session of Inter-governmental Commission of India and Uzbekistan held in New Delhi in March this year had set the path for businessmen of both countries to move ahead. Prime Minister of India Dr. Manmohan Singh's visit to Uzbekistan in April this year has provided a fresh impetus to Indo-Uzbek bilateral relations.

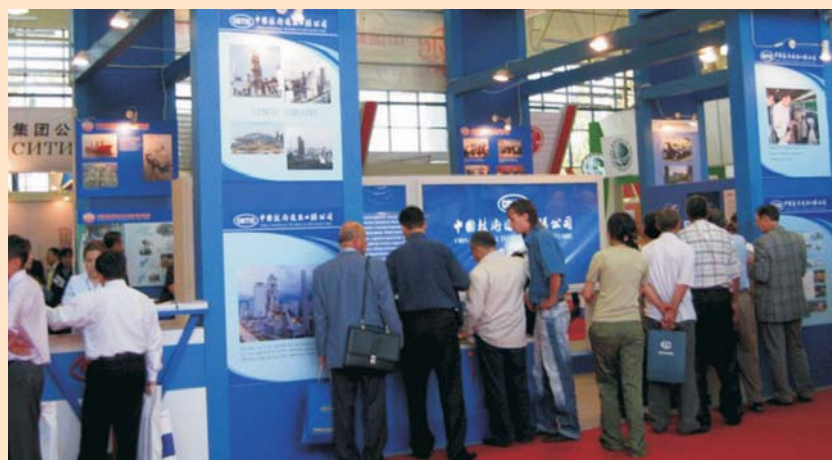
Recently, an Indian Textile Company 'Spentex' bought two Uzbek textile companies with an investment of US\$ 81 million. Hon'ble Minister visited the Spentex Mills on 7th October, 2006.

Elangovan met with Deputy Prime Minister of Uzbekistan, R. Azimov, the Deputy Minister of Foreign Affairs, I. Nematov, Minister of Foreign Economic Relations, Investments and Trade, E. Ganiev and the Chairman of "Uzbekengilsanoat" (Uzbek Light Industry), Rakhmatulla R. Ruzikulov. The Minister had extensive discussions with the Uzbek Ministers on bilateral relations and promotion of trade and investment.

Kirloskar Brother Limited, the largest pump set producers in India have donated two pump sets to Government of Uzbekistan to be installed at Samarkand. Minister of State for Textiles handed over a Prototype of the Pump Set to the Head of the Foreign Investment Department of Uzbek Ministry of Agriculture at the inaugural function.

Over 50 entrepreneurs representing 25 major companies and public sector undertakings displayed their goods at the Exhibition. A large number of business enquiries were received during the Exhibition.

On 6th October 2006, fashion designer, Jatin Kochar organized a fashion show and Padmini Roy along with her 7-member troupe presented a glittering cultural show of songs and dances with Raj Kapoors famous melodies, which were well received and appreciated by local dignitaries and other audiences. Ms. Roy also presented the cultural show on 7th and 8th October in the auditorium of Tashkent University of Information Technology and Gafur Gulam Park respectively. Both the groups were sponsored by the Indian Council of Cultural Relations. ■





Russian Tourism Fair on Health & Cruise Services

The largest Travel Trade Fair of North-West Russia was held in St Petersburg from 4 to 6 October 2006, with its focus on health-improving, fitness-wellness spa services and cruise tourism.

The fair was supported by the Russian Federal Agency for Tourism, Committee for Investments and Strategic Projects of St. Petersburg Government, Russian Union of Travel Industry, National Tourism Association, St. Petersburg Tourism and Excursion Enterprises Employers Association (ATEP).

In recent years, the health tourism has made rapid strides in the CIS region, thanks to ever-growing demand for fitness-wellness and spa services. Each year witnessed an increasing growth of spa-oriented hotels and health resorts, which earned attractive returns on their investment.

The growing CIS travel market has helped enlarge opportunities for tourist business professionals and enabled them to break into the target segments, such as health and spa services.

Cruise Tourism

Widely presented at the fair was the cruise tourism section within the frames of the CIS travel market.

Lately, the demand for cruise tourism services has been rapidly increasing. A significant feature of cruise tourism is the opportunity for international tourists to



visit Russia without an entry visa on condition they join a group excursion tour and their vessel stays in the port for not more than 72 hours.

For St. Petersburg, the cruise tourism segment of the industry is of great importance. The Northern Capital of Russia ranks third in the international rating of the port cities most popular among cruise tourists along with such cities of the Baltic Region as Copenhagen and Stockholm.

The main goal of CIS travel market is to strengthen the positive image and the promotion of St. Petersburg and the Northwest region of Russia in the world travel market to strengthen tourist relations within the country as well as abroad.

During the fair, several conferences, presentations, business meetings and other allied events were held.

The conferences attempted to address various problems related to inbound and domestic tourism in Russia. The main topics of discussion were focused on the issues of tourism industry infrastructure development, regional and city marketing, eco-tourism in Northwest Russia.

Confirming to the international framework of MICE (Meetings, Incentives Conventions and Exhibitions (MICE), the Russian fair held its plenary session. This session focused on the MICE industry in the Baltic region.

The fair organizers said that conferences and exhibitions held would help in drawing up strategies for the MICE industry development programme in St. Petersburg and Northwest Russia.

They said that the fair was aimed at making the MICE industry as a broad, stable, highly-effective and dynamic sphere of business. It also provided an international exposure for the MICE industry in Russia, with special focus on

St. Petersburg.

The fair displayed a vast range of services and the newest technologies of the industry. It also provided a platform for establishing effective business contacts among the professionals of the industry. The participants of the conference included representatives of the Russian Chamber of Commerce and Industry, St. Petersburg, municipal authorities, Fund of support of the enterprises of small and average business "RECIPE" (Leningrad region) and the Stockholm Region Office in St. Petersburg, exhibition complex "Stockholm International Fairs",

Finnish-Russian Chamber of Commerce and experts of MICE tourism.

Along with business events of CIS Travel Market, cultural and entertainment events were also held and a Miss Tourism 2007 show was hosted.

The main goals of the competition were to draw attention of the tourist business community to young and highly-educated professionals, to facilitate close collaboration between organizations that educate and train personnel for tourism industry. ■

Belarusian Tourism Needs an Image Boost

Belarus needs to work on its image in the international market in order to promote its tourism industry, says a report prepared by Euromonitor International. The report on travel and tourism in Belarus offers a comprehensive guide to the market at a national level. It looks at travel accommodation, transportation, car rental, tourist attractions and retail travel. The report identifies the leading companies and offers strategic analysis of key factors influencing the market, including background information on disposable income, annual leave and holiday taking habits. Following are excerpts from the report.

Belarus is known for its political and economic instability, and is currently unattractive as a destination for international tourists. The problems which need to be solved to facilitate the expansion of Belarusian tourism include poor choice and low average quality of the travel accommodation offer, reduced quality of services in both state-owned and private hotels, and also a lack of specialists in the tourism industry.

Belarusian tourist preferences are also changing. Most of them traveling abroad prefer inexpensive tours to Turkey, Cyprus and Egypt, among other destinations. The popularity of Balkan countries is growing. The number of tourists choosing high-priced and exclusive tours is still not high, but is steadily increasing. Demand for Crimean (Ukraine) and some Russian resorts, such as Sochi, fell as high prices were inconsistent with the low quality of tourism services on offer.

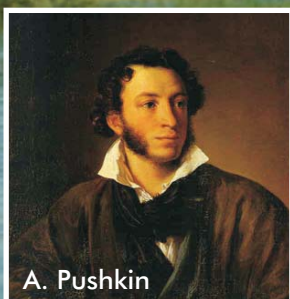
A Presidential Decree issued in June 2006 exempts organizations involved in tourism development in Belarus from income tax payments if they are able to guarantee that the released funds will be invested in construction and renovation of tourism infrastructures in the country. This law will also help reduce the cost of tour organization services in

Belarus. It should also help attract investment in the tourism field and support suppliers of national tourism services.

Belarusian tourism authorities count on agri-tourism. Agri-tourism is one of the most profitable niches in the Belarusian tourism industry. Various state programmes provide financial and legal support for the expansion of this niche. To make agri-tourism more successful, quality of accommodation services should be improved. Further development of infrastructure and entertainment resources in agri-tourism is also need. Among 50 farms involved in agri-tourism in Belarus, 20 are located near Belovezhskaya Puscha one of the most beautiful European forests.

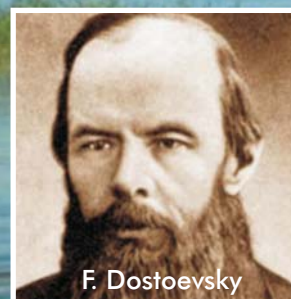
Belarus is located in the heart of Europe and many railway lines cross the country. As a result rail remains the most popular form of transport among the people of Belarus and those arriving in the country. This is due to the quite low prices of railway tickets in Belarus and neighbouring countries compared with air travel. However, the majority of long-distance trains running between Belarus and Russia, or between Belarus and other CIS countries, urgently require renovation, which is planned for the near future. The planning of rail routes is also included in state programmes for tourism development in Belarus. ■

Belarus, where Pushkin and Dostoevsky once lived



A. Pushkin

A Land of Bewitching Beauty & Blue Lakes



F. Dostoevsky

Belarus is situated in the heart of Europe where the roads from Western Europe to East and from South and South-East Regions to the Baltic countries cross. It is a wonderful land of bewitching beauty and blue lakes. Belarus has a rich cultural and historical heritage and deep roots in the past to attract tourists from across the world.

Belarus boasts the places associated with the lives and creative work of A. Pushkin, F. Dostoevsky and other prominent figures in Russian literature. There is the first capital of the Grand Duchy of Lithuania, Novogrudok,

Belarus is dotted with the palaces and castles of the richest barons of the Res Pospolita (Poland) and the Russian Empire, ancient monasteries and temples. Among the survived valuable monuments of architecture, history and culture are the St. Sophia Church and St. Euphrosyne convent in Polotsk, Church of SS Boris and Gleb (Kolozhskaya) in Grodno, the Latinrite Church of the Holy Trinity in Ishkold, churches-fortresses in the villages of Synkovichi and Murovanka, the ensemble of the St. Nicholas monastery in Mogilev, castles in Mir and Lida, the palace-and-park ensemble in Nesvizh and many others.

Theatre and music lovers have an

opportunity of spending evening time in one of numerous theatres and concert halls. The rich traditions of the Belarusian theatrical art have been kept up by actors of the Opera and Ballet House, Musical Comedy Theatre, Drama and Puppet theatres.

Belarus offers a wide range of forms of accommodating travelers. There are 14 tourist hotels, 9 tourist camps and camping sites, a network of restaurants and cafes offering both international and European cuisine.

National Parks - Belovezhskaya Pushcha



The real treasures of Belarus are its national parks such as Belovezhskaya Pushcha, Pripyatsky, Braslavskiye Oзера (Braslav Lakes), and the Berezinsky biosphere reserve with their inimitable in their beauty landscapes. Primeval virgin forests unique in Europe, unique lakes, rare species of animals and plants at these reservations carry away anyone who ever seen them.

The Belovezhskaya Pushcha national park occupies about 90,000 hectares. The Pushcha is the remainder of a vast primeval forest that stretched from the Baltic Sea to the Bug River and from Oder to Dnieper in XIII century. Mixed and broad-leaved forests, meadows and

water systems are kept in their natural state. The flora and fauna of the Belovezhskaya Pushcha are abundant in rare species of plants, animals, birds, and fish. In 1992 the Park was placed on the World Heritage List by UNESCO's resolution.

Near the hotel situated on the territory of the Belovezhskaya Pushcha one can observe wild animals in their natural surroundings in large open-air cages. The park visitors can get acquainted with historical and cultural memorials such as the Tyshkievich country-seat, ancient Kamenets Tower, the Tsar Road and other sights.

Braslavskiye Oзера

The Braslavskiye Oзера national park is one of the most beautiful places in Belarus. Of 800 rare plants growing here 20 are unique and registered in the Red Book of the Republic of Belarus. Its lakes such as Drivyaty, Snoudy, Strusto, Voiso, Nedrovo, Berezha and others, intersperse among hills in the park. The summary area of the water mirror is 183 sq. km. The deepest lake on the territory of the national park is Volosovo Yuzhny (South Volosovo). Its maximum depth is 40.4 m and water transparency is 7 m. The Braslav lakes are inhabited by 30 species of fish, including eel which is important as food-fish. The national park offers to its visitors walking, riding, motor, and water trips, excursions by motor ship or helicopter.

Berezinsky Biosphere

The Berezinsky biosphere reserve was established in 1925. Until the present time there are virgin pieces of nature. Apart for the Berezina River flowing through the territory of the Reserve, there are other large and small rivers and numerous lakes. As water is exceptionally clean, many species of flora and fauna survived. Cyprinid, bream, pike and tench are found there.

Walking trips throughout the Reserve are offered to travelers at any season. In summer time the offerings are added with water trips one of which runs along the ancient route "from the Varangians to the Greeks".

Pripyatsky National Park

The Pripyatsky National Park is situated in the heart of the Belorussian Polessje. The Reserve area accommodates over 30 lakes and several rivers flowing in the south-north direction. One can find here any type of forest representative of Polessje. Of particular interest are floodplain landscapes with their peculiar plant complexes formed due to regular covering with flood water - unique oak-groves and ash-tree forests with floodplain fish-abundant lakes interspersed among them.



The Park offers the possibilities of motor, walking, water, and riding trips. Experimental game farms such as Shereshevskoye in the Belovezhskaya Pushcha, Barsuki in the Berezinsky Biosphere Reserve, and Lyaskovichy in the Pripyatski National Park offer their services to lovers of hunting and angling.

The most attractive place for recreation, angling and hunting is the Telechansky forestry. 83,000 hectares of hunting-grounds are inhabited by about 130 elks, 240 wild-boars, 140 deers, and more than 200 roe deers. Moreover, beaver, otter, mink, musk-rat, numerous waterfowl, over 20 species of fish are found there.

The Teterinsky forestry and hunting farm has 82,400 hectares of hunting-grounds. The farm employs high-skilled huntsmen having the experience of servicing foreign guests.

The Kransnoselsky forest and hunting farm is situated 40 km to the north of the capital of the Republic of Belarus. Wild-boar, elk, deer, roe, hair, fox, capercaillie, black-cock and other species of wild animals and birds are found there. There is a hotel with all conveniences, sauna, bar, and billiard room. The Chef will cook dishes of Belarusian cuisine, including these of trophies of the hunt. ■





2006 revenue estimated at \$ 11billion

Tax incentives to boost tourism in offing

Russia to set up special tourist & recreation resorts

Tourism in Russia holds immense potential. In order to boost tourism, Russia is going to establish special tourist and recreation economic areas. It has been announced that tourist enterprises in some regions might be exempted from some taxes. If this measure is adopted it will be an important tool to stimulate tourism development in the country.

The country can generate considerable income from tourism in the long term, provided the problems concerning the necessary infrastructures are resolved. A catalyst is needed to encourage the cooperation between the tourism industry players and the Russian government in order to create the conditions necessary to realize the industry's promise.

Many large Russian tourist companies have been striving to increase their capitalization on their own or with the help of foreign investors, considered necessary in order to boost their business activities.

About infrastructure and Growth

The incoming tourist market in Russia has been stagnant for the last two years, mainly because of a lack of a network of high-quality and budget-class hotels, as well as of other key infrastructure facilities across the country.

In order to facilitate a better tourist inflow, tour operators are offering a new service across the country - trips on credit. Consumer credit has fuelled tourism demand. Expansion of credit in the economy is also encouraging the development of small travel and tourism companies. Domestic tourism has been developing rapidly. Although tourism represents a small portion of the Russian economy as a whole, it became a strong generator for growth for some regional economies.

Job Opportunities

According to A World Travel and Tourism Council (WTTC) report on Russia, travel and tourism encompassing transport, accommodation, catering, recreation and services for visitors is becoming as one of the world's highest priority industries.

Worldwide, Travel and Tourism (T&T) in 2006 are expected to create US\$6.4 trillion of economic activity and is forecast to grow to US\$10.7 trillion by 2015.

In Russia, in 2006, T&T is expected to post Rb2.8 trillion (US\$89.2 billion) of economic activity (Total Demand), growing to Rb8.1 trillion (US\$154.8 billion) by 2015. Russia's T&T Industry is expected to contribute 1.7 per cent to gross domestic product (GDP) in 2006 (Rb351.4 billion or US\$11.4 billion).

T&T is a high-growth activity, which is forecast to increase its total economic activity by 4.6 per cent per annum worldwide in real terms over the next 10 years. For Russia, T&T activity is forecast to grow by 7.0 percent annum in real



terms between 2006 and 2015.

The T&T Economy accounts for 8.4 per cent of global employment. Today there are 75.9 million T&T Industry jobs and 226.3 million jobs in the T&T Economy.

Russia's T&T Economy employment is estimated at 5.4 million jobs in 2006 7.8 per cent of total employment, or one in every 12.8 jobs.

T&T is a catalyst for construction and manufacturing. The T&T Industry is Russia is Expected to Produce Directly RB351.4 (US\$11.4 Billion), or 1,7 Per Cent of Total GDP. In 2006, Government Agencies in Russia Are Expected to Spend RB91.3 Billion (US\$3.0 Billion) of Current Operating Funds on T&T and the employment industry in Russia is generated almost 1.0 Million Jobs in 2006.

A total of 5.4 million jobs (direct and indirect) are expected to be generated across the broader spectrum of the T&T Economy, encompassing:

- travel company employment
- government agency employment, and
- supplier company employment.

T&T Industry jobs in Russia touched a figure of 1.0 million in 2006 and represented 1.5 per cent of the country's workforce. By 2015, T&T Industry employment is forecast to increase by 71,000 jobs to 1.6 per cent of total employment in Russia.

Over the past 10 years, T&T employment in Russia has steadily increased by nearly 1.0 million jobs. Assuming that growth in the economy and in visitor exports remains positive over the next few years, there is strong potential over the next decade to create 100,000 new jobs a year.

When T&T employment in Russia as a percentage of total

employment is compared with the respective shares of neighbouring and competing destinations, the country comes fairly low down the ranking at number 113. More disappointing, though, it still ranks unfavourably in the 100th position among the list of 174 countries whose future performances are assessed by WTTC/OEF.

T&T exports play a strong and vital role in Russia's T&T business. In 2006, T&T services and merchandise exports for Russia was about Rb647.7 billion, or US\$21.0 billion 43 per cent from visitors and 57 per cent from exported consumer and capital goods.

Over the past 15 years, the gains for T&T visitor exports in Russia have been impressive. Over the next 10 years, Russia's visitor exports are expected to grow by a strong 8.5 per cent per annum, while T&T merchandise exports (non-visitor exports) are forecast to record highly growth of 4.8 per cent per annum.

Globally, and for the European Union, visitor exports are projected to grow by 5.7 and 5.8 per cent per annum respectively over the next 10 years (2006-2015). Clearly, based on these forecasts, Russia's T&T visitor exports' growth is excellent and well ahead of its regional and global peers.

Although long-term expectations for Russia's T&T export growth (2006-2015) are positive, these forecasts like any others depend on future events and can therefore not be guaranteed.

In its league table, Russia's visitor exports' growth illustrates a positive outlook ahead, since it ranks in 2nd position regionally and 13th position globally.

Capital investments in 2006, T&T capital investments in Russia touched Rb651.0 Billion (US\$21.1 Billion), or 15.8 percent. With this, the total investment over the next 10 years (2006-2015), the contribution of T&T to Russia's capital investment account is expected to increase at an average rate of 9.8 percent per annum in real terms.

For the most part, T&T capital investment tends to be cyclical, with strong links to major public initiatives, the business/market cycle, major events (such as natural disasters) and significant socio-political changes.

Russia's T&T capital investment growth prospects for 2006-2015 place it at the absolute top of the WTTC league tables in first position in the regional and the world listings. Russia is well positioned and absolutely expects to attract significant new business ventures over the coming decade. ■



Armenia posed to attract 500,000 tourists a year



Tourism is becoming an increasingly important sector of the Armenian economy, having seen rapid growth since the late 1990s when its development was declared a top government priority. President Robert Kocharian has said that the country should be able to attract half a million visitors annually in the near future.

The increased influx of tourists, most of them foreign nationals of Armenian descent, was particularly visible in recent years. Virtually all hotels in central Yerevan and flights to and from the Armenian were fully booked from August through October, the traditional peak period for travel to Armenia.

Ara Petrosian, a deputy minister of trade and economic development of Armenia dealing with the local tourism industry, said the number will rise by almost 20 percent to 480,000.

The projection is contained in an annual tourism development plan approved by the government earlier in the day. The plan sets aside some 70 million drams (\$195,000) in public funds for promotional campaigns designed to boost foreigners' interest in Armenia. The sum, though modest in absolute terms, is double what the government spent for that purpose last year.

"The state raises its contribution to the industry every year," said Petrosian. "Private investments are also on the rise."

In particular, the government wants to attract more foreign visitors to the central Armenian town of Tsaghkadzor known for its ski resorts. In a separate decree, it declared Tsaghkadzor a national "tourism center" that will receive 180 million drams in government funding this year.

Petrosian estimated the tourism sector revenues of 2006 in Armenia at over \$300 million. Local travel firms say the sector's more rapid expansion is also hampered by the high cost of travel and accommodation and the still underdeveloped tourism infrastructure in regions outside Yerevan.

The increased influx of tourists, most of them foreign nationals of Armenian descent, was particularly visible in recent years. Virtually all hotels in central Yerevan and flights to and from the Armenian were fully booked from August through October, the traditional peak period for travel to Armenia.

Moreover, the figures are set to grow this year, at least that's what the government projections are, and that's also why RA Government plans to spend around 70 million drams (\$195,000) in public funds for promotional campaigns. Tourists are spending an average of \$1000 on these tours.

According to official statistics, the country had a record-high 318,000 tourists in 2006. Most of them are believed to be ethnic Armenians from Europe and the United States. Government officials and industry executives in Yerevan say the share of non-Armenian visitors has been steadily growing in recent years.

The reported further growth of the tourism sector is supported by anecdotal evidence, with virtually all hotels in central Yerevan fully booked at the moment. Flying there is also not an easy task despite the increased frequency of flights to the Armenian capital carried out by several major European airlines.

According to President Robert Kocharian the sector's development is a top economic priority for the Armenian government. Kocharian said the country should be able to attract 500,000 tourists a year in the near future. He also promised more government investments in the still underdeveloped tourism infrastructure in regions outside Yerevan.

Local travel agencies say the sector's more rapid expansion is also hampered by the relatively high cost of travel and accommodation in Armenia.

Petrosian had estimated earlier this year that the average foreigner would be spending approximately \$1,000 on a one-week stay in the country. ■

Быстрый подъём внутреннего рынка способствует экономическому росту



Согласно отчёту всемирного банка, опубликованному в декабре -2006 года, процветающий внутренний рынок продолжает способствовать экономическому росту в России. Существенный приток чистого капитала, сейчас, присоединился к поступлениям ресурсного экспорта в повышении внутреннего спроса. В этом контексте, темп экономического роста ускорился после второй четверти года. Прирост годового ВВП может достигнуть 7.0%. Фиксированная инвестиция капитала и прямые иностранные инвестиции тоже показали впечатлительный рост. Экономическое расширение продолжает концентрироваться в необоротоспособном секторе экономики, который выгодал от сильного рубля. Застойная продукция, высокие инвестиционные запросы, и быстро растущий внутренний спрос вызывают глубокую обеспокоенность о российском энергосекторе.

После стабилизации цен на нефть, большой избыточный доход России стал сокращаться. Тем не менее сильный счёт движения капитала в какой то мере компенсировал эту тенденцию, поддерживая накопление валюты, но медленным темпом. Быстрый рост денежной массы, и высокие федеральные расходы в 2006 году абсорбировались экономическим ростом, который привисил ожидаемый. Во вторую половину года инфляция существенно замедлилась. Плановый бюджет на 2007 год предусматривает расширение федеральных расходов на 0.9 % ВВП, с приоритетами в дополнительных расходах государственных аппаратов, инвестиции и социальных программ.

Реальный доход населения, зарплаты и розничная торговля росли двузначным темпом, значительно



перегоняя рост ВВП. Соответствуя этой картине, рост импорта взлетел до 29 % в первую треть четверть года.

Недавние инициативы политики правительства включают плановые пакеты мер нацеленных на разработку новых законодательных инициатив по иммиграции. Давно ожидаемое двустороннее соглашение с США может проложить путь к вступлению России в ВТО в ближайшем будущем.

ВВП и промышленное производство.

Змедление роста производства в начале 2006 года уступило место ускоренному расширению экономической деятельности во вторую и третью четверть года. Рост ВВП во вторую четверть года достиг примерно 7.4 %, приводя цифру первой половины 2006 года до 6.5%. Рост в России в основном сконцентрирован в не товарных сферах услуг и товарах для внутреннего рынка. Почти 50 % роста ВВП в первой половине 2006 года пришло от торговли и строительства.

Российская промышленность росла более быстрым темпом (4.3 %) в первые 10 месяцев 2006 года, чем в соответствующий период 2005 года (3.7 %). В промышленной области, энергетика и коммунальные услуги показали более высокий рост, чем в 2005 году, в то время как рост обрабатывающей промышленности продолжал замедляться.

Быстрое повышение реальной стоимости российского рубля (8% в первую треть четверть 2006 года) и прирост выраженный двузначной

цифрой реальной стоимости труда продолжает бросать вызов российским фирмам, конкурирующим на международных рынках. Машиностроение, в целом, не показало хорошие результаты в 2006 году. Производство машин и оборудования стало застойным (0.5 % роста в первые 10 месяцев года), в то время как производство электротехнического оборудования упало (-1.5 % роста). Производство химических веществ увеличилось всего лишь на 1.2 %. Рост большинства других секторов был в какой то мере больше.

В первые 10 месяцев 2006 года темп роста нескольких отраслей промышленности был выше, чем в соответствующий период 2005 года. Металлургия продолжала расти уверенным темпом в 10.2 %. Пищевая промышленность (5.3 %), переработка кокса, нефти (6.0 %), бумага из целлюлозы, издательское дело (6.8 %) также показали выше чем средний рост в производстве. Лёгкая промышленность наконец стала выходить из долгого застоя. Текстильная и швейная промышленность отвечали за 7.8 % рост а кожевенная и обувная за 13.2%. Производство пластмассы и каучиковой продукции тоже возросло на 11.1 %. Текстиль, шитьё, пластмасса и каучук отвечают только за 4 % производственности, однако их рост был с низкой базы.

Российский газ и электрический сектор привлекают все большее внимание. Сочетание быстро растущего спроса. Застойное снабжение и истощение существующих месторождений подняли перспективы дальнейшего роста цен на эти товары и возможный дефицит в будущем. Правительство



признал серьёзность положения и недавно одобрило пакет мер по увеличению цен на газ внутри страны и расширению альтернативных источников энергии (ядерной угольной).

Принимая в учет выше сказанное, правительство начало обсуждать введение большей конкуренции в газовую промышленность, в частности в производство газа, так как несколько нефтяных компаний имеют нереализованные потенциалы производства газа. В соответствии с самими недавними планами правительство повысит цены на газ внутри страны для предприятий на 15 % в 2007 году и на 25-27 % годовых в период от 2008 по 2010 годы. Предполагается, что сравнительный подъём цен продолжится до тех пор пока не уравниваются внутренняя продажа и экспорт. Это не касается уравнивания между российским и европейским тарифами на транспортировку, однако российское правительство может использовать налог на экспорт газа, чтобы урегулировать прибыльность от экспорта. Это - ценный инструмент, учитывая тот факт, что цены экспортного газа включают ренту, которую получает Россия благодаря её рыночной силе в природном газе.

Вопрос предоставления достаточной инвестиции для газа и электричества по среднесрочным условиям остаётся одним из самых критических вопросов для будущего развития России. В этом отношении, осторожное отношение России к иностранной инвестиции в энергосектор увеличивает долю этой нужной инвестиции, которую скорее всего будут финансировать с помощью повышенных тарифов или других средств. Более высокий энерготариф может стать ещё одним ограничивающим фактором в росте российского производства.

Инвестиция

Принимая во внимание запросы России капитала и модернизации правительство уделило высокий приоритет повышению темпа прироста вложений в основной капитал превышающего нынешние 19 % ВВП. По крайней мере, в 2006 на этом фронте наблюдался важный прогресс. Рост инвестиции в основной капитал увеличился на 12.6 % в период январь- октябрь 2006 года, по сравнению с 9.9 % в первые 10 месяцев 2005 года. Приток прямой иностранной инвестиции возрос примерно на 55 % в первую треть четверть года, и достиг 10.3 миллиарда долларов США. На ряду с высокой прибылью в энергосекторе, сильный курс рубля и процветающий внутренний рынок помогли сделать Россию привлекательной для частных инвесторов.

Львиная доля инвестиции всё ещё идет в энергетику, транспортировку, недвижимость и услуги. Помимо металлургии, производственный сектор получил только 13 % инвестиции основного капитала в первые три четверти



2006 года. Такая же картина наблюдается и в прямой иностранной инвестиции. В 2004-2005 годах производство технически получило 30-45 % прямой иностранной инвестиции, но много из этого было сконцентрировано или в металлургии или нефтяной промышленности (из продажи Сибнефть в 2005 году). Нетто этих двух секторов, таблица 4, показывает, что доля прямой иностранной инвестиции в других производственных секторах равнялась примерно 17 % в эти три года. В 2006 году финансовый сектор привлёк явно более высокую долю, чем в предыдущие годы.

Растущие торговля и внутреннее потребление

Оценку Всемирного банка вполне поддерживается изысканием организации экономического сотрудничества и развития (OECD). В нём говорится, что российская экономика продолжает хорошо расти, с поддержкой сильных условий торговли, которые в свою очередь поддерживают бум в домашнем потреблении.

В изыскании анализируются главные задачи связанные с мощным ростом в долгосрочном порядке. В нём

говорится, что рост с 1999 года в основном зависил от короточных факторов, и что переход к само- устойчивому, ведомому инвестицией и инновацией росту будет нуждаться как в устойчивом здоровом макроэкономическом управлении так и ряде структурных реформ нацеленных на

улучшение состояния инфраструктуры бизнеса. В изыскании оценена недавняя макроэкономическая и структурная политика и представлена статья, в которой обсуждаются основные задачи России в макроэкономическом управлении, реформах общественной администрации, инновационной политики и реформах здравоохранения.

Поддержание здорового макроэкономического управления

Первой задачей макроэкономического управления является рассмотрение влияния растущих условий торговли на внутреннюю экономику, особенно в отношении повышения обменного курса валюты, конкурентности и инфляции. Затем нужно рассмотреть роль денежной и фискальной политики, чтобы обеспечить гладкое приспособление к высоким условиям торговли. Фискальная политика должна быть основным инструментом в решении этой задачи. Поэтому она фокусируется на потенциальной роли фискальных правил, изолирующих экономику и бюджет от колебаний потребительских цен и также на управлении непредвиденных доходов нефте газовой промышленности в фискальном стабилизирующем фонде.

Улучшение качества государственных административных органов

Неэффективность, коррупция и недостаточность подотчётности, от которых страдают государственные административные органы налаживает осязаемую прямую стоимость как на

предпринимателей так и обычных граждан. Это изучение рассматривает основные слабости государственных административных органов России и даёт оценку недавно пресмотренной программе административных реформ. В нём особенно подчеркивается отношение между государственной бюрократией и более обширной институциональной средой, в которой они оперируют, и также необходимостью большей прозрачности государственных административных органов и более сильных не юридических средств для удовлетворения граждан желающих подвергнуть соинению бжрократические решения. Многие проблемы государственноадминистрации усугубляются тем фактом, что российское государство пытается сделать очень много: поэтому в разделе изучаются связи иежду административными реформами и границами государственной собственности и нормами.

Улучшение эффективности инновационной политики

Потенциальная роль инновационной политики в улучшении долгосрочного производственного роста в России. Изучение начинает с рассмотра роли условий концептуальных рамок для бизнеса в поощрении инновационной деятельности, особенно по отношению к правам на интеллектуальное имущество и конкуренции. Реализация инновационных потенциалов России так же потребует проведение реформ более крупных государственных предприятий. Это поднимает вопросы касающиеся организации и финансирования государственных исследовательских органов, в частности, мер поощрения и возможностей, с которыми они встречаются в коммерциализации результатов их исследований. Помимо этого, роль прямой интервенции, такой как специальные экономические зоны и технопарки, и так же возможности улучшения налогового режима для научных исследований частного сектора являются тоже важными.

Реальный активный рост ВВП продолжится, вероятно, постепенно становясь более умеренным в предсказуемый период, в то время как импульс от недавних торговых прибылей уменьшится. Рост, в основном ,будет мотивироваться потреблением, но инвестиционный рост тоже, как ожидается, будет относительно сильным. Инфляция вероятно сократится, вопреки непрекращающимуся быстрому росту денежных поступлений, так как растущая уверенность курса рубля содействует быстрому росту денежного спроса. Однако, инфляционное давление вероятно спадёт, но постепенно, учитывая планы правительства по дальнейшему увеличению расходов в 2007 году.



Переход к рыночной экономике стабилизирует рост ВВП



2006 год был лучше, чем предполагалось, для экономики России, последние месяцы которого принесли самые хорошие вести.

Согласно данным министерства экономического развития и торговли России рост ВВП только в октябре 2006 года составил 8.2 %, выше чем в октябре 2005 года.

Однако, эта причина для оптимизма не является единственной. В октябре тоже, общая инвестиция в российскую экономику увеличилась на 19.1 % по сравнению с теми же месяцами 2005 года. Годовой показатель 2006 года будет 13.2 % выше чем показатель 2005 года.

Рост ВВП России в 2005 году составлял 6.0 %. Это- достойный показатель и выше чем ожидалось: по предсказаниям он должен быть 6.0 %. С прохождением лет, эту цифру несколько раз увеличивали, но окончательный результат предвосхитил все ожидания.

Экономические показатели России в прошлом году были хорошие, но лишь потому что они превзошли ожидаемые. Само по себе увеличение на менее чем один % не является большим достижением. Главной причиной удовлетворения является то, что настойчивая тенденция падения

экономического роста была поставлена вспять. В 2003 году ВВП России увеличился на 7.3 %, в 2004 на 7.2 % и в 2005 на 6.9 %.

Конечно, только результаты 2007 года покажут стали ли 2006 год поворотным пунктом. Динамика развития российской экономики в 2006 году привела к ещё одному важному заключению. Основываясь на результатах прошлого года, мы можем с уверенностью сказать, что самый глубокий экономический спад страны в переходе к рыночной экономике был полностью преодолен.

Отметьте, что к 1998 году ВВП экономики России упал на почти 40 % от уровня 1991 года, (как вы вероятно помните, что экономические реформы России начались в январе 1992 года). Таким образом российская экономика упала на самое дно в 1998 году. Спад продолжался несколько лет после начала реформ, и в 1999 году экономика России начала вновь медленно расти. Понадобилось 8 лет роста, включая прошлый год, для полного выздоровления ВВП в российской экономике. показатели 2006 года говорят, что переход России в рыночную экономики завершен. Экономика полностью восстановилась до пред реформенного уровня.



Конечно, не достаточно одного показателя, чтобы сделать такие серьёзные заключения. Однако, не забывайте, что ВВП является ключевым макроэкономическим показателем. Поэтому такие заключения можно сделать, хотя с некоторыми оговорками.

Другие экономические показатели.

В прошлом году показатель инфляции составлял 9.0 %, самый низкий в 15 лет. Также очень важно, что впервые за последние несколько лет этот показатель не двуцифровой (в 2005 годовая инфляция в России составляла 10.9 %).

Отметьте, что в начале предсказали, о том что показатель инфляции будет 7-8.5 % в прошлом году. Это означает, что плановая цель не была достигнута. Тем не менее, результаты конца года являются респектабельными. Прочный экономический рост России послужил фундаментом достижению уровня инфляции 2006 года. Усилия правительства ограничить денежную массу в обращении и усилия стабилизационного фонда стерилизовать это тоже имели положительный эффект. Однако, есть всё ещё сомнения насчёт сокращения инфляции в 2007 году. Конкурентная способность российских производителей товаров широкого потребления всё еще не принимается в серьёз.

Иностранная инвестиция

Иностранная инвестиция является важным показателем инвестиционной деятельности в целом. Общая сумма 130 миллиардов долларов США иностранного капитала накопилась в российской экономике к концу сентября 2006 года. В период от января до сентября российская экономика



получила \$35.3 миллиардов иностранной инвестиции или на 31.7 % больше чем в соответствующий период 2005 года. Интересно, что российская инвестиция за границей равняется почти такой же сумме \$34.6 миллиардов, регистрируя увеличение на 51.4 % по сравнению с показателем предыдущего года. И скорее всего, что показатель в 2006 году будет ещё выше. Однако российская инвестиция за границей почти будет равняться иностранной инвестиции в России.

С одной стороны, российская инвестиция за границей растёт. А с другой, этот рост значительно превосходит рост инвестиций в России. Это означает, что в скором будущем российская инвестиция за границей превысит иностранную инвестицию в российской экономике. Россия становится глобальным донором.

Хорошо, что у России есть деньги для инвестиций, но так же очевидно, что она сама отчаянно нуждается в инвестициях.

Причины экономического роста.

Может показаться парадоксальным, что правительство не может найти правильный ответ этому важному вопросу. Вопреки недостатку объяснений, правительство несомненно может найти ответы на вопросы экономического роста. К примеру, оно имеет надёжные обычаи и амортизационную политику.

Более того, министерство финансов России заявило, что решение возмещать как можно скорее налог на добавленную стоимость, послужило экономическим ускорителем, в общем. Помимо этого правительство объяснило подъём экономической деятельности путём установления инвестиционного фонда. ■

