



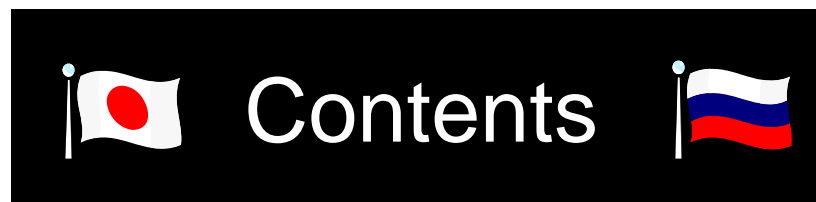
**May, 2010**

**Ministry of Economy, Trade and Industry**

**JAPAN**

**Director for Russia, Central Asia and Caucasus Office**

**Kotaro HARA**

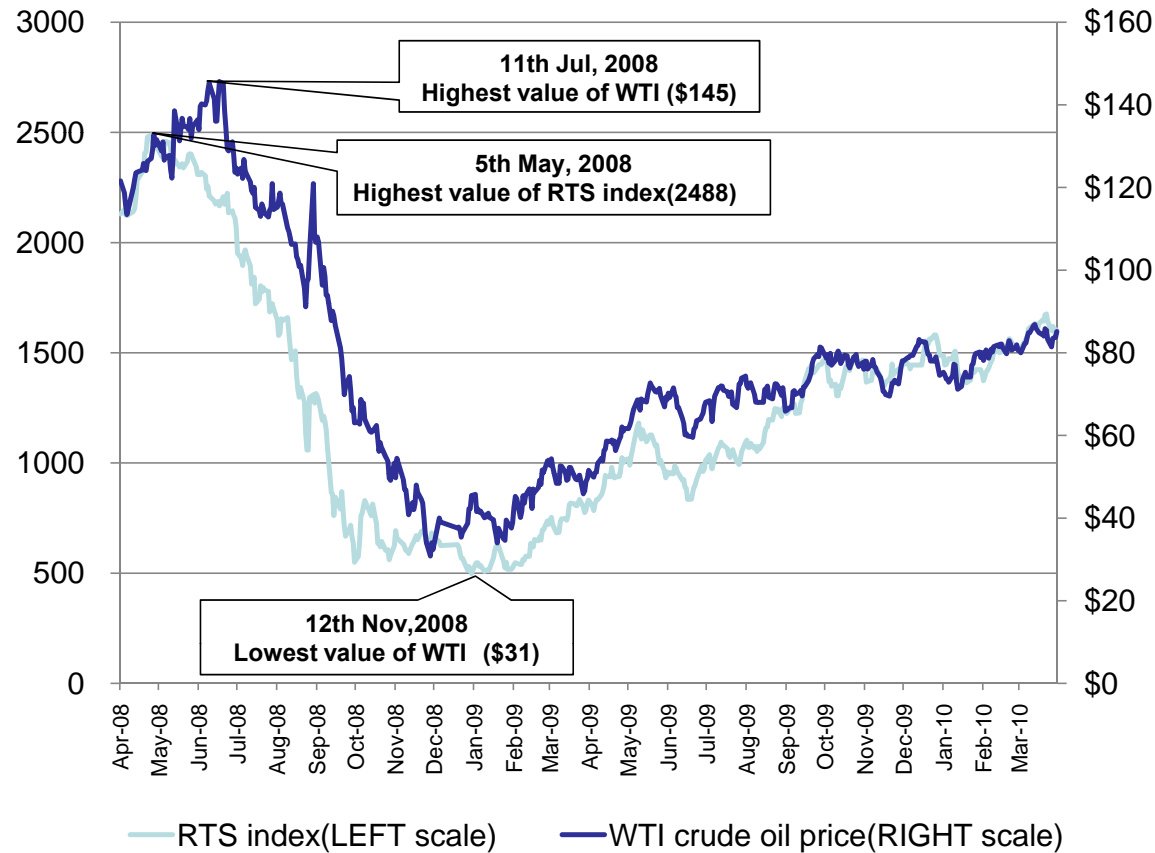


- 1. Current situation of Russian Economy**
- 2. Trade and Investment between Japan and Russia**
- 3. Current frameworks to encourage business cooperation between Japan and Russia**



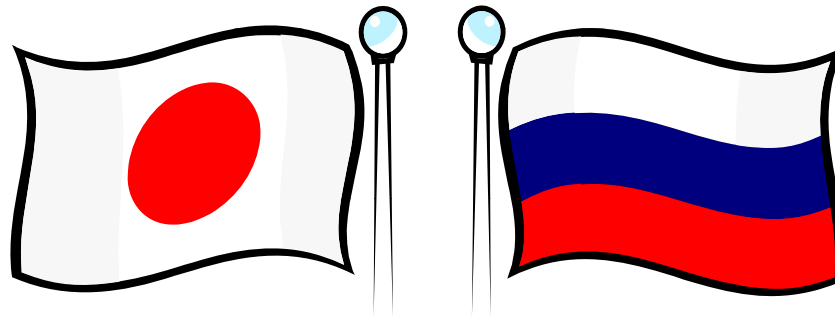
# 1. Current situation of Russian Economy

## Russian economy : Recovery from recession



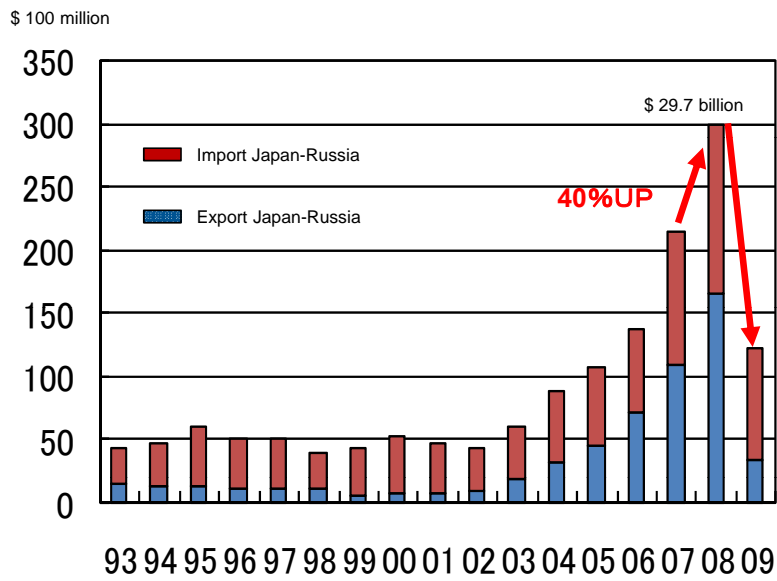
\* RTS (Russian Trading System) index: Popular index of Russian stock-market  
 \* WTI (West Taxes Intermediate) oil price: Popular index of World oil-price

## 2. Trade and Investment between Japan and Russia



# Japan-Russia trade relation (1)

**Transition of trade between Japan and Russia**



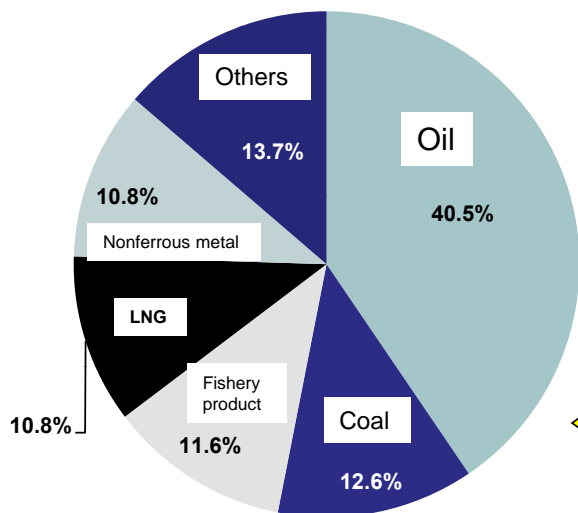
**Amount of trade by country**

| Country       | Ratio/Amount (\$)        |
|---------------|--------------------------|
| <b>RUSSIA</b> | 1<br>\$ 12.1 billion     |
| CHINA         | 19.7<br>\$ 238.4 billion |
| US            | 12.9<br>\$ 156.1 billion |
| EU            | 11.2<br>\$ 135.5 billion |
| SOUTH KOREA   | 5.9<br>\$ 71.39 billion  |

# Japan-Russia trade relation (2)

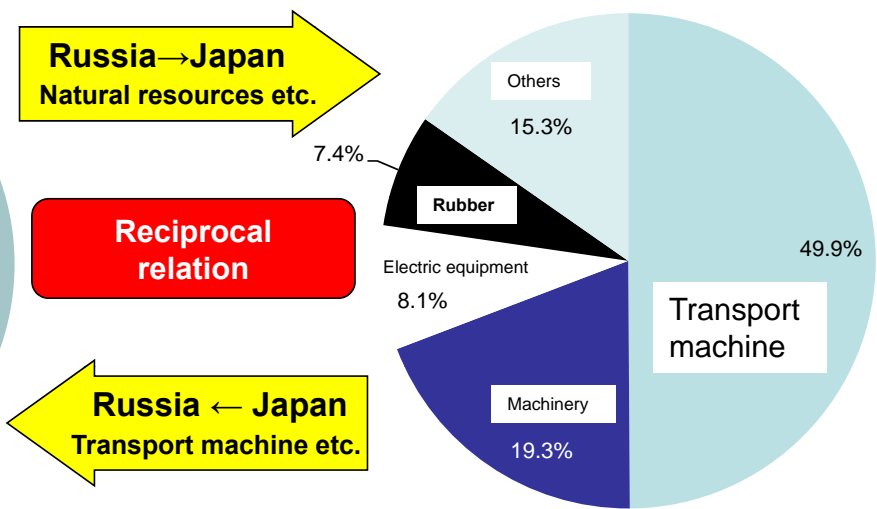
Breakdown of import from Russia (2009)

8.85 billion \$ (Δ33.4%)



Breakdown of export to Russia (2009)

3.30 billion \$ (Δ79.8%)



**Russia → Japan**  
Natural resources etc.

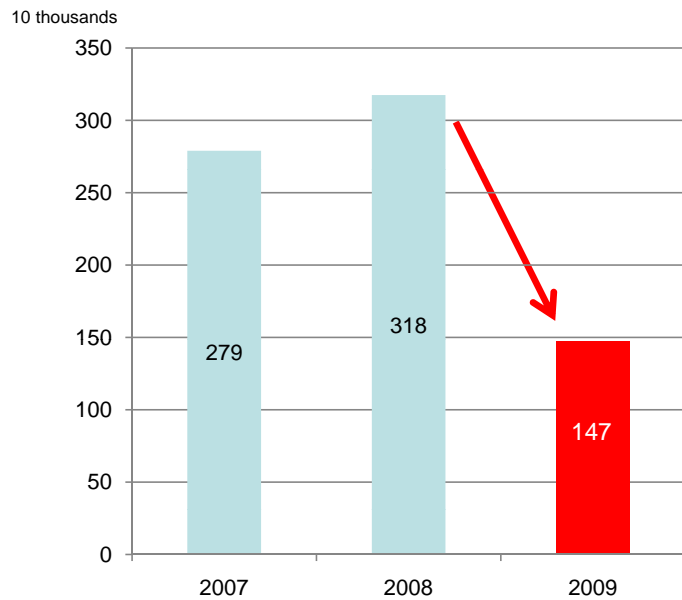
**Reciprocal relation**

**Russia ← Japan**  
Transport machine etc.

## Market on passenger vehicle in Russia

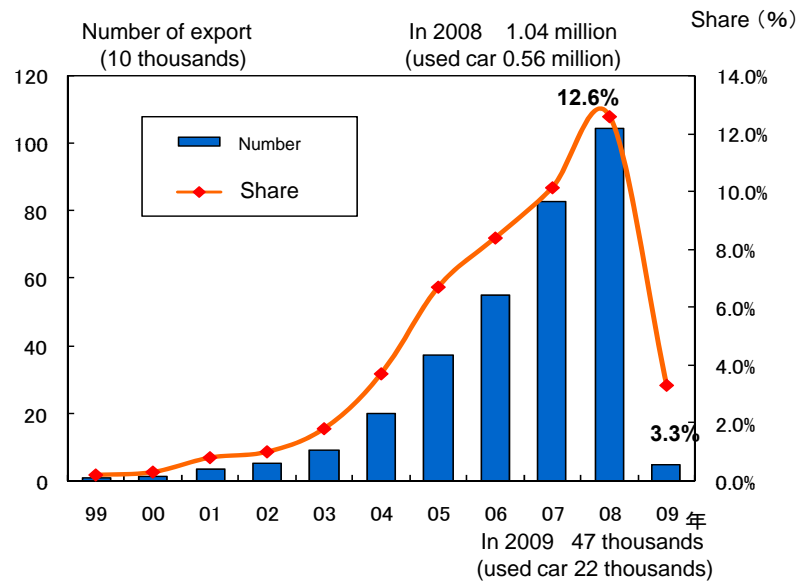
- The market on passenger vehicle in Russia expanded. Car Export from Japan to Russia increased rapidly until 2008.
- The market shrunk by the financial crisis.

**Scale of Russian passenger vehicle market**



出典: 「エキスパート」誌、Pricewaterhouse Coopers

**The amount of export cars from Japan to Russia (Including used car)**



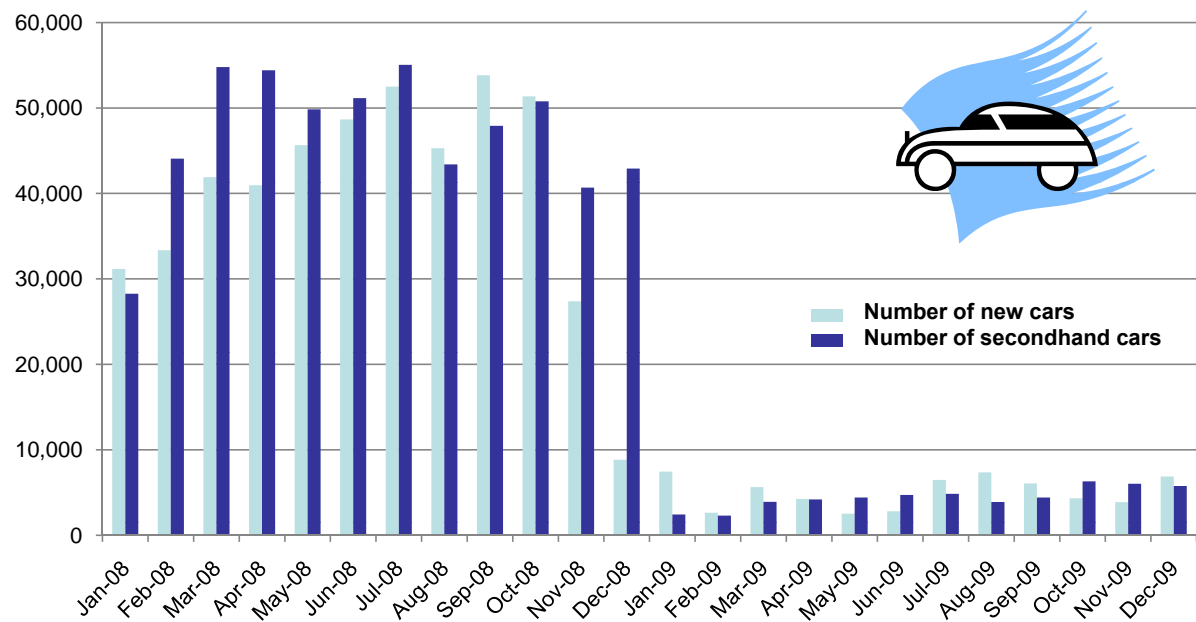
出典: 財務省貿易統計、日本自動車工業会



## Protectionism ( I )

● **Russian government raised import tariff of car to protect domestic car in January 2009.**

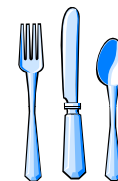
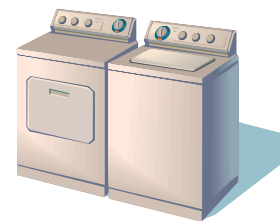
The number of export cars since January 2009, shows sudden decrease when the import tariff of car was raised.



出典: 財務省貿易統計

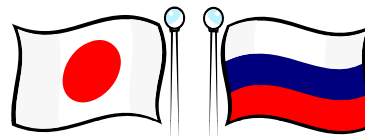
## Protectionism ( II )

- **To raise import tariff of steel product**  
Russian government raised import tariff of steel product from February, 2009.
- **To raise import tariff of LCD TV and plasma TV**  
Russian government raised import tariff of LCD TV and plasma TV from 10% to 15%.
- **Some other articles of import tariff were also raised.**



## Protectionism (Ⅲ)

- These measures are against the declaration of the G20 summit and the spirit of WTO Russian.
- Japanese government has requested Russian government to maintain Free Trade Policy.



## Current issues of Japanese companies in Russia

### ● Inadequate infrastructures

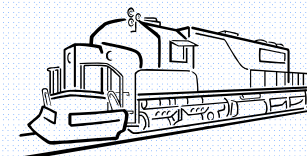
- Sea port facility : Shortage of abilities
- Railway system : Damage to freight by coldness in winter season  
High cost of transportation  
Unacceptable charge (ex. Protection fee)

### ● Inconsistent, inadequate and unclear Economic Policy

- Inconsistent of promotion-strategy (car parts)
- Inadequate of PPP (public-private partnership) policy
- Unclear taxation policy (vehicle, steel, log etc.)

### ● Inconsistent and inefficient administrative procedure

- Complex
- Uncertain
- Different interpretation
- Time consuming



## Japan's efforts to improve business environment in Russia

### ● Negotiation with Russian government

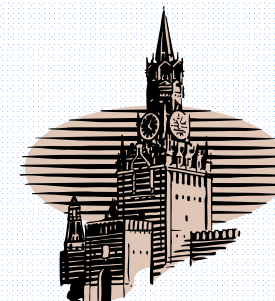
- Russia applied to join GATT in 1993 and completed negotiation with Japan in 2005.
- All countries except Georgia achieved mutual agreements on market access negotiation.
- Japan encouraged Russia to accede to the WTO and to avoid protectionism.
- Establishment of one-stop investment service is encouraged.

### ● Japan-Russia Investment Forum

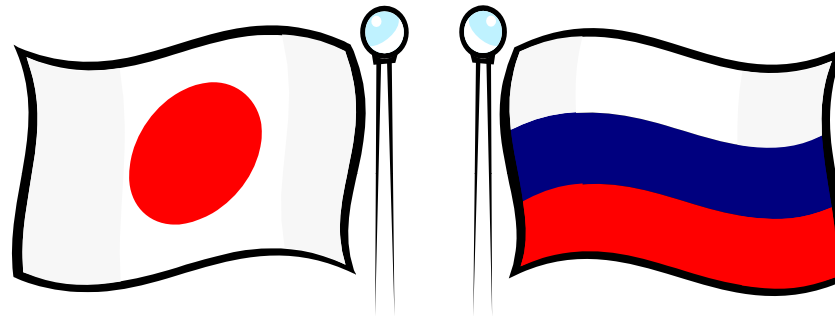
( Japanese Government: Ministry of Economy, Trade and Industry,  
Russian Government: Ministry for Economic Development etc. )

- ① the 1st forum: September 2006 Saint Petersburg (700 participants)
- ② the 2nd forum: February 2007 Tokyo (500 participants)
- ③ the 3rd forum: September 2008 Saint Petersburg (500 participants)

### ● Holding of intergovernmental working group on Japan-Russia transportation cooperation



### 3. Current frameworks to encourage business cooperation between Japan and Russia



## Japan Association for Trade with Russia & NIS ( ROTOBO )

### ● Outline of ROTOBO's activities

**ROTOBO**

- ① Research, analyses & disseminating information.  
(Lecture meetings, seminars etc.)
- ② Networking. (Missions, invitations etc.)
- ③ Business support.  
(Secretariat of the Japan-Russian Trade and Investment Promotion Organization, Business-matching etc.)
- ④ Support for development of Russia & NIS countries. (Trainings etc.)



### ● Moscow Office

(ul. Akademika Pilyugina 24, Moscow)

<http://www.rotobo.or.jp/>

Source: ROTOBO 14

## Japan External Trade Organization ( JETRO )

### ● Outline of JETRO's activities

- ① Business supports of the Japanese enterprises in Russia
- ② Dispatching missions for investment
- ③ Consultation by experienced advisers
- ④ Exhibitions (J-messe etc.)
- ⑤ Business-matching through TTPP(Trade Tie-up Promotion Program)
- ⑥ Support center for investment

JETRO



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