

Successful and often spectacular business performance of many American companies in the Russian marketplace remains a largely untold story in the United States. We asked Ernst & Young to carry out an independent survey of our member companies to estimate their performance, future outlook, and attitude towards expansion of commerce between Russia and the United States. With more than 100 US companies participating in the survey, the study's findings are a clear testament to Russia as an engine of growth for American business.

Andrew B. Somers
President, American Chamber of Commerce in Russia,
and former EVP and General Counsel,
American Express TRS Company

The full version of this independent survey of the business performance of US companies in Russia is available at www.amcham.ru.

The study was commissioned by the American Chamber of Commerce in Russia and carried out by Ernst & Young from Oct. 2006 to Feb. 2007.

Today Russia is a country with a strong developing market economy, improved regulatory and legal framework, and expansion of Russian companies overseas — in short, a totally different country from only 4–5 years ago. We are proud that our Russian practice has played a part in the positive developments in the investment climate, as well as the improvements in the overall business environment, which has contributed to Russia's growth and success.

Karl Johansson
Managing Partner for the CIS
Ernst & Young

Did you know...

More U.S. companies are entering the Russian market now than anytime since the opening of the Russian economy. Nearly 35% of our survey respondents entered the Russian market within the last 6 years.

Major Findings

Sales

- Half of surveyed American companies report sales increases of 200% in Russia from 2001 to 2005
- 89% of surveyed American companies in Russia project continued growth in sales through 2008
- Overall, 67% expect sales growth of more than 50% through 2008
- Most impressively, 39% of surveyed American companies predict their sales to grow by 100% over the same period

Investment

- 76% of surveyed American companies made investments in Russia in 2001–2005
- 72% of surveyed American companies definitely intend to make investments through 2008

Profitability

- Profitability of 79% of surveyed American companies in Russia in 2001–2005 was on or above target

In 2005, American companies in the survey had a total of \$36.7 billion of sales in Russia and \$1 billion in charity spending. Investment volume of surveyed companies in 2001 – 2005 was \$24 billion.

Sectors

- 61% (\$22.3 billion) of sales of surveyed American companies came from sectors besides energy and natural resources. These included; heavy industry, construction, machinery, consumer-related sectors, telecoms, IT, finance and B2B services - clear evidence of the substantial diversification of the Russian economy

International Commerce

- 90% of surveyed American companies in Russia believe continued commercial engagement with Russia is positive for American business
- 86% of American companies believe that Russia's membership in the WTO will bring new opportunities for them

Survey Respondents

3Com CIS	Cushman & Wakefield
3M	Dell Inc.
Abbott Laboratories	Deloitte
ACE Insurance Company	Delta Air Lines
Accenture	Delta Private Equity Partners
AES Corporation	DHL
AGCO Corporation	DLA Piper
AIG/LINCOLN	Dow Corning
Air Products	Dow
ALCOA	DuPont
American Express	EMC Corporation
American Power Conversion	Ernst & Young
Amway Corporation	ExxonMobil
Anadarko International Energy	Ford Motor Company
Andrew LLC	GE
Autodesk	General Motors
Avaya International Sales LTD	Georgia-Pacific
Baker & McKenzie	Google Inc.
Baker Hughes	Guardian
Baring Vostok Capital Partners	GVA Sawyer
BearingPoint	Hanover International
Boeing	Hewlett-Packard
Bunge	Honeywell
Campbell's LLC	IBM
Carboceramics	Intel Technologies Inc.
Cargill Enterprises Inc.	Jet Infosystems
Caterpillar	John Deere
CBSD	Johnson & Johnson LLC
Chemtura	Kimberly-Clark
Chevron	Kodak
Cisco Systems Inc.	Kraft Foods
CITIGROUP	Lucent Technologies
Coca-Cola Company	Mars LLC
ConocoPhillips	Mary Kay Inc.
Corning Incorporated	McDonald's

MEDTRONIC	Rohm and Haas
Merck, Sharp & Dohme IDEA Inc.	Rosinter Restaurants
M-I SWACO	SC Johnson
Microsoft	Somers & Associates
Morgan Stanley	Squire, Sanders & Dempsey
Motorola	Standard & Poor's
Nike	Sun Microsystems
NVIDIA	Timken Company
Organon	United Technologies
The PBN Company	Universal Compression Inc.
Pepsi Bottling Group	US Dental Care
Phelps Dodge Exploration	Washington Group International Inc.
Philip Morris	Western Union MT East Ltd.
PricewaterhouseCoopers	Whirlpool
Procter & Gamble	Wrigley
Reader's Digest Publishing House	Xerox
Renaissance Moscow Hotel	York International
Ritz-Carlton Company	

Methodology

At the request of American Chamber of Commerce in Russia (AmCham), Ernst & Young studied the responses of 105 American companies doing business in Russia. This survey is the first of its kind and was conducted from October 2006 to February 2007. Individuals completing the survey were CEOs and top managers at AmCham-Russia member companies.

The online questionnaire was hosted on Ernst & Young servers. Potential respondents received personal letters of invitation containing a link to the questionnaire. All survey responses were confidential and anonymous. Even Ernst & Young employees were unable to identify the origin of any given response.

Respondent data was then exported from the server to spreadsheets and statistically processed. Cross-tabulations for each question were acquired from this data.

This Report provides insight into how American companies assess their work on the Russian market and what impact they expect on their business if Russia accedes to the WTO.

U.S. Companies in Russia

Business Performance Survey

Commissioned by



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