

# Doing Business in Today's Russia: *Practical Considerations for Minnesota*

**mn** EMPLOYMENT AND  
ECONOMIC DEVELOPMENT  
**Minnesota Trade Office**

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**Nikolay Megits, Ph.D.**  
**Minnesota Trade Office**



# Welcome!



- **Matt Edwards**, Director, Office of Russia, Ukraine & Eurasia, International Trade Administration, U.S. Department of Commerce, Washington, DC.
- **Larry Ward**, Partner at Dorsey & Whitney LLP, Seattle, WA
- **Thomas Hanson**, Diplomat in Residence, University of Minnesota, Director of Institute of Eastern Europe and Central Asia
- **Perry Davis**, Special Agent at the Office of Export Enforcement
- **Michael Brown**, Vice President of International Sales, Mate Precision Tooling
- **Leo Grichener**, Vice President of Russian-American Business Association of Minnesota
- **Todd Lefko**, President, International Business Development Company, Inc.



# Minnesota Companies Doing Business in Russia



- 3M
- Black River Asset Management
- Cargill
- Digital River
- Ecolab
- FAIR ISAAC
- H.B. Fuller
- Medtronic
- Merrill
- MTS Systems
- Northern Technology Corporation
- REGIS
- Valspar, etc.



# Trade Statistics 2011-2016



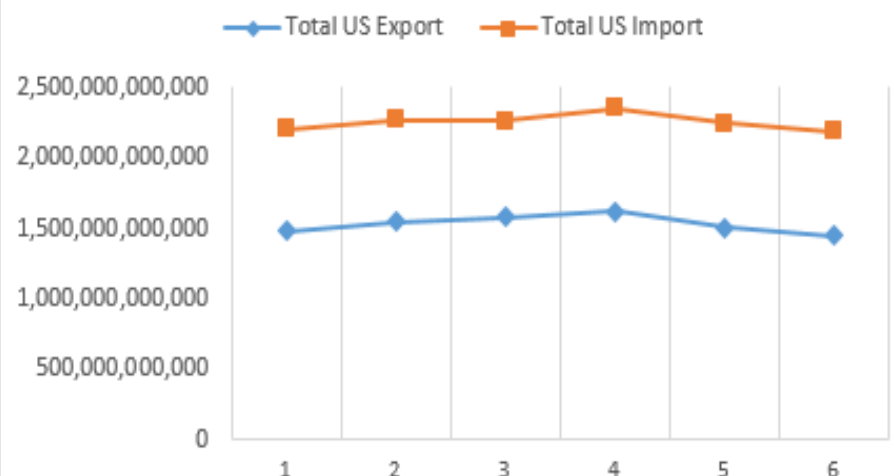
## US-MN-RUSSIA EXPORT 2011-2016

EXPORT	2011		2012		2013		2014		2015		2016	
	To Russia	8,318,439,250	10,695,291,383	11,144,747,483	10,752,405,030	7,086,535,713	5,791,672,600					
Total US Export	1,482,507,755,226	1,545,820,839,892	1,578,516,879,950	1,621,873,792,910	1,503,101,489,877	1,451,010,702,074						

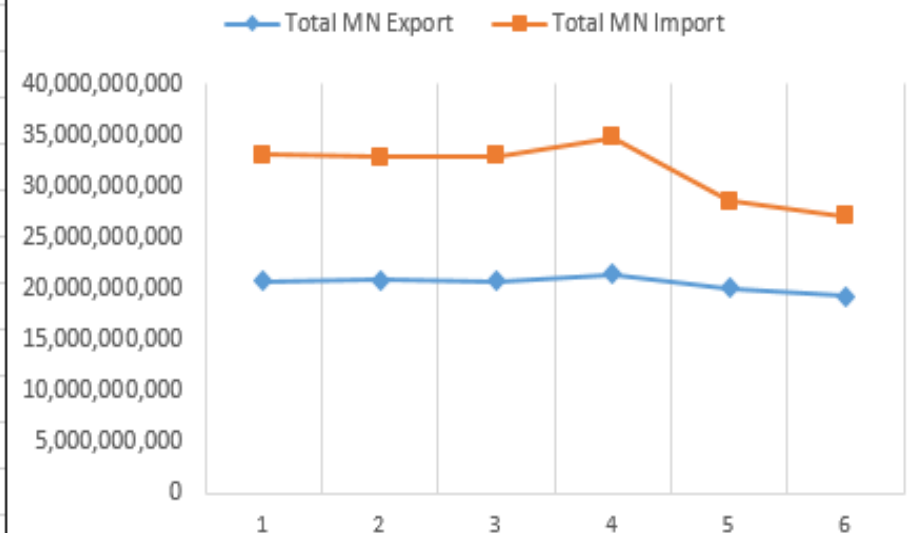
  

EXPORT	2011		2012		2013		2014		2015		2016	
	To Russia	72,095,991	113,588,922	107,684,515	101,398,047	82,968,617	71,258,014					
Total MN Export	20,732,142,776	20,826,551,885	20,760,138,727	21,397,601,177	20,016,173,835	19,202,447,101						

### TOTAL US EXPORT - IMPORT BALANCE



### MN EXPORT - IMPORT BALANCE



# US and EU Sanctions



- **Targeted** ('smart') sanctions directed against particular persons and legal entities in Russia whose actions could be interpreted as threatening territorial integrity of and political stability in Ukraine
- **Sectoral** sanctions with a shift from 'punishing' agents who contributed to the Ukrainian crisis to action against wider sectors of Russian economy
- **Escalation of sectoral sanctions** as new sanctions were imposed exactly at the time when the first signs of crisis de-escalation became visible





# Chronology



**March 2014** - Russia annexed Crimea

- visa restrictions on Russians and Ukrainians
- the Treasury Department asset seizures and business bans

**September 2014** - EU's sanctions focused on Russia's finances and arms sales

**December 2016** - closing of two Russian estates, in New York and Maryland

- Thirty-five Russians send out of the U.S.

**June 2017** - EU extended sanctions until June 2018.

**July 2017** - new sanctions bill overwhelmingly passed through both the U.S. House of Representatives and the Senate to punish Russia for hacking the election.

- Putin ordered 755 U.S. diplomatic staff members to leave Russia,

**August 2017** - San Francisco Russian consulate was ordered to be closed

**September 2017** - 385 Russian and 72 Ukrainian in Crimea and Donets/Luhansk legal entities and persons are on the list published by OFAC (Office of Foreign Assets Controls)

<https://www.treasury.gov/resource-center/sanctions/Programs/Pages/ukraine.aspx>

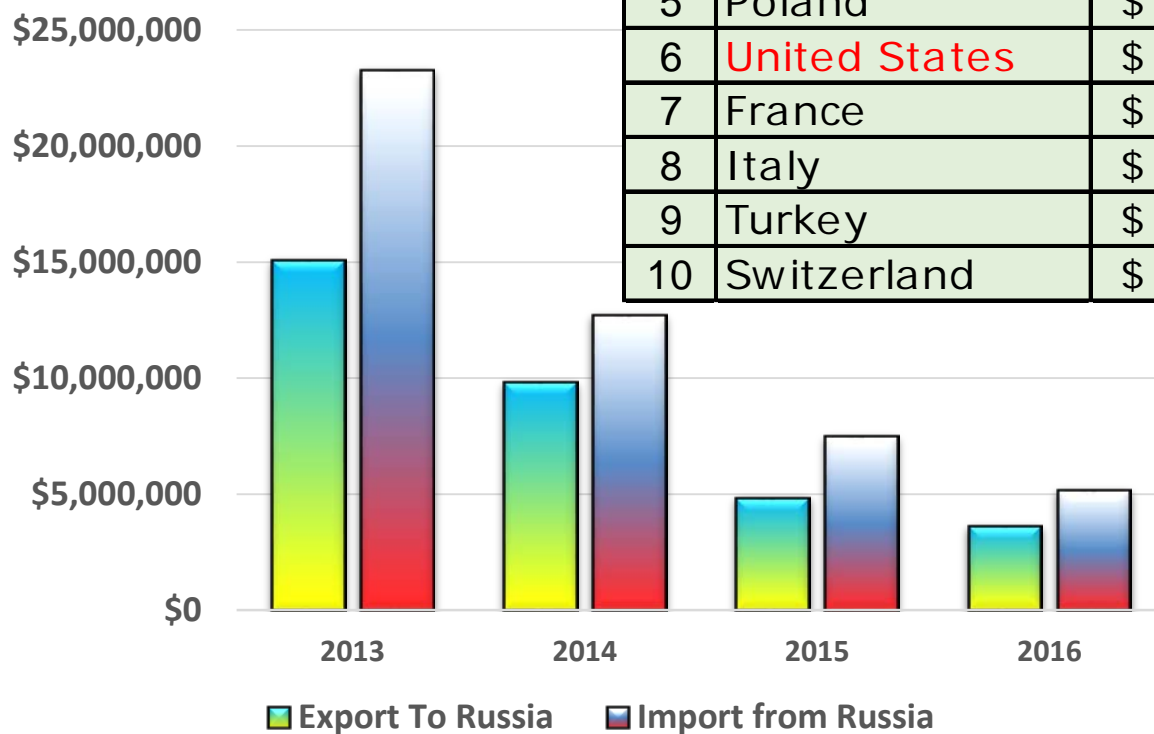
# Russia-Ukraine Trade Stats



## Ukraine Exports-Imports by Country, 2016

		Exports (K)	Imports (K)
1	Russia	\$ 3,592,918	\$ 5,149,313
2	China	\$ 1,832,519	\$ 4,687,697
3	Germany	\$ 1,423,735	\$ 4,318,446
4	Belarus	\$ 903,198	\$ 2,777,794
5	Poland	\$ 2,200,010	\$ 2,693,327
6	United States	\$ 426,555	\$ 1,687,887
7	France	\$ 453,674	\$ 1,530,515
8	Italy	\$ 1,929,576	\$ 1,358,228
9	Turkey	\$ 2,049,065	\$ 1,098,552
10	Switzerland	\$ 105,916	\$ 983,812

TRADE (x1,000)	
Export To Russia	\$ 15,077,2
Import from Russia	\$ 23,244,0



[http://ukrstat.org/en/operativ/operativ2013/zd/eit\\_zk/arh\\_eit\\_zk\\_e.html](http://ukrstat.org/en/operativ/operativ2013/zd/eit_zk/arh_eit_zk_e.html)

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**Thank you!**