

January 2002

Grants, and a grant-writing seminar 1/3/02

Application is open for Russian Far East Partnership Activity Grants of \$70,000-\$100,000 for non-commercial projects, and a seminar and grant-writing workshop for potential applicants will be held in Anchorage 1/3. The grants are funded by U.S. Agency for International Development (USAID) and administered by the Foundation for Russian American Economic Cooperation (FRAEC). A 25% match is required. Deadline to apply is 2/15; grant period is 4/1/02 – 3/31/03.

Seminar is Thursday 1/3, 10:00 – 4:00 at the Federal Building, 222 West 7th Ave., Anchorage, in the 3rd Floor FAA Executive Conference Room (use elevators near A Street side of building). The seminar is free, and attendance is not required, but it may help applicants develop successful strategies. Seminar RSVP: partners@fraec.org; for grant applications or instructions contact Robbyn Kistler, Partnership Activity Director, FRAEC, 206-443-1935, Fax 443-0954; robbynk@fraec.org; www.fraec.org/rfe.

Sakhalin update

Oil and gas sector developments. With Exxon Neftegas Ltd's announcement that the Sakhalin-1 project is commercially viable, it is clear that Sakhalin oil and gas infrastructure development will occur over the next five years. Exxon begins project construction in 2002. Sakhalin Energy Investment Co., led by Shell, announced that Sakhalin-2, already in initial production, enters next-phase construction in summer 2002. Sakhalin-2 won regional approval for the second phase, spurring further interest in the oil and gas service sector. Opportunities abound for Alaska companies with ability to upgrade basic infrastructure for oil and gas projects and source necessary materials, and which have the expertise, administrative capacity and financial stability to complete a contract for project-specific infrastructure development. But now may be the last opportunity to catch the first wave of development.

Opportunities for Alaska business. General infrastructure on Sakhalin is needed to support developments: roads, bridges, electricity, water and waste management, etc. Materials needed for project-specific infrastructure – metals, wood, cement, paint, hardware, etc. – may need to be brought to Sakhalin from mainland Russia or abroad. Technical, financial and administrative abilities to accomplish project-specific infrastructure are generally hard to find in Russian firms.

ITMD recommendations: Oil and gas service companies wanting to work on projects should establish a presence on Sakhalin, develop business relationships, enter into joint ventures, investigate logistics, set up sourcing structures, hire staff and generally position themselves for Sakhalin work. Exxon and

SEIC will pre-qualify companies and invite bids. Most tenders will be announced by next month, leaving little time to prepare. For more info, contact Jeffrey Valkar, Alaska Sakhalin Representative; American Business Center Director: Tel: 7 (4242) 727-124 / Fax 7 (4242) 727-125 / jvalkar@fraec.org

USCS leads oil & gas mission to Sakhalin

U.S. Commercial Service announces U.S. Consul General in Vladivostok and Senior Commercial Officer in Moscow will lead a trade mission to Sakhalin 3/11-13 focusing on oil and gas equipment and services and related construction sectors. A variety of U.S. companies will participate, including oil and gas equipment and services, construction and infrastructure support, trade and telecommunications. The March dates are intended to provide companies with good access to government officials and company representatives and allow time to build relationships and conclude agreements as the 2002 drilling season progresses.

Mission includes:

- Briefing on status of oil and gas projects, supporting industries, infrastructure projects, and the regulatory environment
- Meetings with senior officials from Sakhalin Oblast government and with project managers from key oil and gas consortiums such as Sakhalin 1 (ExxonMobil), Sakhalin 2 (Shell), British Petroleum and others.
- Introduction to qualified Russian business partners through mission events and a series of one-on-one meetings. Russian content laws for Sakhalin energy projects make it beneficial to have a joint venture partner, and the mission will provide valuable one-on-one meetings with pre-screened candidates.

Application deadline is 2/13. Criteria for participant selection:

- Relevance of company's business line to mission goals
- Timeliness of company's signed application and participation agreement (including participation fee of \$2,500)
- Potential for business in Sakhalin for company
- Minimum five, maximum ten, participating companies
- Provision of adequate information on company's products or services and company's primary market objectives, to facilitate appropriate matching with potential business partners

For info: Principal Commercial Officer to the Russian Far East, USCS Vladivostok. Tel: 7-4232-300-093; Fax: 7-4232-300-092; Int'l Fax: 7-509-851-1211; Stuart.Schaag@mail.doc.gov

Berliner out for repairs

Jeff Berliner, Division of International Trade & Market Development Russian Far East specialist, is out of the office during January – and his colleagues wish him a speedy recovery. For this month only, call 269-8114 for assistance.