U.S. Car Part Makers Eye Expansion In Russia

Nataliya Vasilyeva, Associated Press

MOSCOW (AP) — U.S. car part manufacturers are considering stepping up their investment in Russia ahead of the country's entry into the World Trade Organization this summer.

As a WTO member, Russia will have to gradually reduce import tariffs for foreign goods, including parts for the growing automotive industry.

The government set up special rules for foreign car makers years ago to encourage them to produce parts in Russia as much as possible and discourage imports. Under the WTO agreement, Russia will have to get rid of all prohibitive tariffs and rules by 2018, which will make it cheaper for foreign exports to expand here.

Deputy Under Secretary of Commerce Michelle O'Neill and representatives of 13 American companies are in Russia until the end of the week to meet with potential partners and government officials.

U.S. exports of car parts grew by 98 percent in 2011 and are expected to grow by 90 percent this year, O'Neill told the Associated Press in an interview late Monday.

She said U.S. companies are eager to invest in Russia, a high-growth economy.

"They're seeing enough market potential to go after the market now rather than waiting for the reduction. The data says: they're going now," she said.

Car sales in Russia increased by 39 percent last year, according to the respected Association of European Business in Russia. The organization is expecting a 12 percent rise this year.

The U.S. companies will have some 150 meetings with potential partners and officials in Moscow, St. Petersburg and Samara.

Some of the companies in the delegation are already present in the market but are looking for ways to expand.

Lawrence Pesin, chairman of Florida-based producer of cleansers and lubricants Cyclo, said Russia is an attractive market because it has a growing middle class and a low level of car ownership.

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