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Russian Securities Infrastructure & Operations Forum

8th & 9th June, 2004 Le Royal Meridien National Moscow, Russian Federation

Tuesday, June 8, 2004. Page 5.

Poll: U.S. Visa Rules Hit Businesses Hard

By Carl Schreck Staff Writer

Russian business travelers are among the worst hit by stringent U.S. visa policies that have cost American businesses \$30 billion over the last two years, a survey has found.

The report, based on a survey of 734 U.S. exporters conducted by Washington-based consultant The Santangelo Group, estimated that companies suffered \$30.7 billion in financial impact between July 2002 and March 2004 due to processing delays and denials of business visas. The figure represented \$25.53 billion in revenue loss and indirect costs of \$5.15 billion, the report concluded.

Eight international trade associations, including the U.S.-Russia Business Council, sponsored the survey.

"It's been a sizable problem ever since the Sept. 11 attacks," USRBC president Eugene Lawson said by telephone from Washington, referring to tightened U.S. visa policy since the 2001 terrorist attacks.

"But this is not about terrorists. All businesses support security, and we need to do a better job to achieve a balance. It's very damaging with no possibility for workers to go back and forth."

Lawson, along with the heads of the other trade associations, has sent the survey's results to the U.S. departments of State, Homeland Security and Commerce with recommendations including a goal of 48-hour visa processing with a limit of 30 days and greater transparency provided to U.S. companies by consular offices.

Because the report offered no country breakdown on losses, it is unclear exactly how much money U.S. exporters active in Russia lost as a result of visa difficulties.

But Russia was ranked third, behind China and India, in an analysis of which countries' business visa applications present the most significant problems, primarily because of the number of experts in high-tech industries coming from these countries, Lawson said.

A member survey conducted last month by the American Chamber of Commerce in Russia offers some anecdotal evidence on the financial repercussions of visa delays.

"One company reported \$7 million in lost sales last year," said AmCham president Andrew Somers.

A copy of the report provided to The Moscow Times highlights a range of visa delays and difficulties, from a company president who has been waiting since November to visit his company's head office in the United States, to IT specialists who have missed training sessions because of visa delays.

"The problem is not with rejections," Somers said. "A lot of people are being cleared, but it's just too late. They are missing meetings and trainings."

According to Maura Harty, U.S assistant secretary of state for consular affairs, the U.S. government last year handled more than 7 million nonimmigrant visas, Bloomberg reported. Of those applications, visa officers referred 2.2 percent back to Washington for further checks by government agencies, and responses for 80 percent were provided within three weeks, down from an average of two months last year, she said.

Somers said the consular section of the U.S. Embassy in Moscow had made positive strides in recent years to speed up the processing of applications, but that the problem lay with flagged applications sent back to Washington for review.

Applications from persons working in high-tech, defense or sensitive areas related to

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nonproliferation may be subjected to reviews by federal agencies, said U.S. Consul General James Pettit.

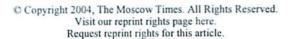
Somers and Lawson called for more resources to be allocated to these agencies to help speed up reviews.

"I understand that at least one [agency] is still not computerized," Somers said.

Pettit said that in recent weeks review agencies have begun issuing visa clearances electronically, whereas before such clearances were sent by cable.

"This highlights a new streamlined approach," Pettit said.

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