

**Secretary of Commerce Carlos M. Gutierrez**  
**Remarks at the Woodrow Wilson International Center**  
**for Scholars**  
**Ronald Reagan Building and International Trade Center**  
**Washington, D.C.**

([Video](#))

Thank you very much Chairman Hamilton I appreciate it. It's a pleasure to be back and it's great to see so many familiar faces.

Thank you for being here and it's great to be able to reflect on the Administration's performance and some of the key highlights of the last four years, eight years. Especially in a place like the Woodrow Wilson Center where, you know, this is a place where you have a tradition of thoughtful insightful debate so I'm looking forward to that. What I'll do is go through the comments and sort of breeze through them and then open it up for questions that I'm interested in hearing from you and interested in having an open discussion.

This is about how commerce can help freedom and democracy. And the President has believed from the very beginning of his time in office that commerce helps freedom, freedom helps commerce, it's a virtuous cycle. You really can't have commerce unless you have a secure environment and it is hard to have security if you are not prospering. And the two go hand-in-hand and we've seen that come true in many countries.

Let me start talking about two countries where we've had a lot of experience in recognizing this loop of commerce and security and how they both feed on each other. Iraq and Afghanistan are great examples. And let me start with a story about an Iraqi businessman named Nadhim Faisal and Mr. Faisal, there are a lot of Mr. Faisal's in Iraq. This is one example of an entrepreneur who actually owns a construction business in Iraq.

Two years ago while working in the city of Kirkuk he was kidnapped at gunpoint, held for a month, and released after his family paid a \$200,000 ransom. You think that after something like that you would kind of pack it up and, and sort of play it safe. After that experience he decided that he wanted to go back and continue to develop his business.

His company now employs 500 people; it's expanding. He's taken on construction projects in and around Baghdad where his company is working to build three schools, a mosque, and a hospital. So, you know, in the tradition of, of the private sector, he not only built a business and made profits for the owners of the company, but also gave some back for the community. That is representative of the kind of progress that is being made in Iraq.

There are, and you probably know, I know that Chairman Hamilton knows he is one of the authors of the Iraq study group and the work that came out of that there are 15, there are actually 18 benchmarks, of which 15 have been met. And many of those are related to the economy, to commerce, to creating jobs, to giving people a sense of hope for the future other than taking up arms and being part of the war.

So security is steadily improving and I'm sure you've all seen just how much improvement there has been in Iraq over the last month. It's ironic that it's sort of on the second or third page of the newspaper and overwhelmed by other things but the good news is that because of the improvements in security prosperity has been able to grow and flourish. And let me just give you some examples.

- Small business registrations have grown substantially. Just the number of business that are in Iraq five, seven years ago compared to today, it's grown exponentially.
- Inflation, importantly, has fallen by more than 60 percent since 2006. So we are talking about very recent. And inflation, as you know, is the kind of thing that impacts everyone, everyone feels inflation. So it decreased by more than 60 percent.
- From the summer of 2007 to September 2008, oil production rose by 400,000 barrels per day, which is also a huge boost to the economy and also a great accomplishment in the middle of an environment that was not as secure as we'd like it to be then and not as secure as today.

- Economic growth is about 7 percent. So Iraq, you know, happens to be in the top tier of growth in the world, which is great but it makes one think about what it could be if it had an even safer environment and I think the important thing is building that foundation while the violence is dying down. You can see the great potential of Iraq after the war.

Under my predecessor Don Evans, the Commerce Department established what you call a Reconstruction Task Force. We have one for each country that has been involved, any country affected and obviously Iraq was the first one. The whole idea here is to help create jobs and to help people start a business and to help attract investment

Companies such as Boeing, Proctor and Gamble, and Pepsi are now doing business in Iraq. So you know you can buy a lot of Proctor and Gamble products, you can buy a Pepsi ... this is great progress in itself just walking into a store and being able to see U.S. brands. Earlier this year, Boeing signed a \$5 billion commercial aircraft deal with the government of Iraq. Pepsi has reinstated its partnership with the Baghdad Soft Drinks Company. They produce and distribute soft drinks in central Iraq. That partnership is expected to create 2,000 new jobs over the next several years.

Our Commercial Service in Iraq has recruited and led six Iraqi business delegations to the U.S. with two more scheduled in this year. So we brought Iraqi business people to the U.S. to meet potential partners and attract investment to Iraq. Since March of '08, we've assisted more than 250 Iraqi businessmen with Business visas to come to the U.S. to attend trade shows and conduct meetings. So all of these activities have contributed.

Deputy Secretary of Commerce Sullivan, who is here today, John thank you for joining us, led nine U.S. companies on a Trade Mission to Northern Iraq. And that also, again as a way of spurring investment. Just last week, Deputy Secretary Sullivan led a dialogue on business and investment, aimed at reducing barriers to U.S. companies who are interested in doing business in Iraq today.

So a lot of what appear to be small activities that added up to establish a critical mass and break through and actually have an impact on the economy.

Afghanistan is also making tremendous progress. You've got to start from the knowledge that Afghanistan is one of the poorest countries in the world and so we are starting out from a very low base but think about this.

- GDP per capita has increased by 70 percent since 2002.
- Eighty five percent of Afghans now have access to basic healthcare. I bet you can't guess what it was when the Taliban was in control. Eight percent. Eight percent to 85 percent is amazing.
- More than six million Afghan children are attending school; two million of them are girls. I wouldn't even guess how many, probably even, I'd probably say it was close to zero when the Taliban were running the country.
- Over 13,000 kilometers of roads have been built, improved or rehabilitated enabling goods to reach markets faster, encourage small business development and helping commerce to grow.
- And you've got to remember that Afghanistan is a landlocked country and that's one of the great geographic challenges some countries face when they don't have any access to the ocean. So they need roads, they need cooperation with their neighbors to be able to ship, to be able to get out of Afghanistan. So roads are critical, infrastructure is critical and they are making progress.

Every time I travel to Afghanistan, I've been there twice, you can just feel the entrepreneurship. People are gutsy, they take risks, they have ambition and they are hard working by nature and they're doing everything they can to move their country forward. But there is this incredible feeling of entrepreneurship.

You've got three big areas that we are focused on in Afghanistan: rugs, marble, and then fruits and nuts. These are areas where they can excel. Perhaps down the road they can do other products but, you know, in terms of starting out where do you start, let's start out with things that they can do that they produce now where they need a little bit of technology and the ability to, in many cases mass produce.

You know, they can make a beautiful carpet in six months. For international commerce that won't do. You need a faster supply chain. So the idea is how can we help them develop broader production and then give them the tools to be able to warehouse and ship and find customers.

So last year I joined a trade mission of U.S. rug businesses that attended the first Afghanistan International Carpet Fair in Kabul. And again you walk through that and you see some amazing creativity that has also been landlocked and hasn't been able to get out and hasn't been able to totally, you know, find its own potential.

And so those are two countries that are getting started but great potential and again just a great example of how commerce helps democracy and how commerce helps society be at peace. When people have something that they can actually put together and develop for the benefit of their families ... and those are examples to watch, you know, not over the next couple of years but over the next ten to 20 years.

Georgia is another wonderful example and the reason why so many people stood up and pointed at Russia and said that was foul play ... first of all because Georgia is an important ally, an important friend, but think about what Georgia was just a few years ago.

This was a country that was on the verge of becoming a failed state. This was, they were close to just losing control of their own country. The government was unable to provide basic services like electricity, road construction. Corruption and mismanagement were ... well known throughout that region, rampant. Georgia's GDP fell, just to give you an idea, from '89 to 2003, over that period of time fell by 40 percent. And it wasn't a rich country to start with. So if you think about the pressure on the country on top of that, you add public corruption, you add a lack of services and it was ... just a society that was just out of control with no end in sight.

In 2003, the Revolution of Roses brought democracy to Georgia. They had free and fair elections and I was in Georgia about a year ago, they are proud of that. They are very very proud of what they've done. They know what they've done. They know what they were going through just a little, a short time ago.

Under the leadership of President Saakashvili, Georgia has remained committed to reform and economic liberalization. They now have one of the fastest-growing economies in the world. So the progress has been amazing.

Last year, the economy grew by 12 percent. And in ... the World Bank's *Ease of Doing Business Report*, Georgia has quickly moved into the rank of some of the most

developed economies. And so from going, they went from the Wild Wild West to one of the economies where business people are saying this is one of the easiest economies in the world in which to invest and do business.

In the last decade, trade between our countries has grown from \$150 million to nearly \$600 million, and we know we are just getting started.

Deputy Secretary John Sullivan traveled to Georgia as part of a trade mission just recently and again just a way of getting business people in the U.S. talking to business people in Georgia and ... partnerships come out of that, contacts come out of that, investments come out of that and that's one of the ways that we foster these commercial relationships.

Let me talk a little bit about our hemisphere and some of the things that have happened here and then I'll turn it back to hear from you.

I would say interestingly we've made the most progress in commerce and in helping commerce help societies right here in our own neighborhood, in our own hemisphere and as you know there are two different points of view in the Western Hemisphere. One is, what some people call, the Cuba-Venezuela model, which is very much economic self sufficiency, try to do it yourself, not much world trade engagement, government control, centralized government, not a lot of entrepreneurship and not a friendly environment for private capital.

Then of course there is the other philosophy, the other approach which is all about free markets and greater economic cooperation between nations. And I'll tell you this is not about right and left because very often you'll hear people simplify the Western Hemisphere and say well too many countries are going to the left. Well, you know, most people would think Brazil has a center-left government. Most people would say that Uruguay has a center-left government. Most people would say that Chile has a center-left government, Peru.

But these are governments that while they do have a center-left philosophy they also have a philosophy that embraces free trade and that embraces commerce and that attracts private investment because they realize that if they want to create jobs that private investment is probably the best way to do it. It's very difficult to be pro jobs and anti business and they have realized that. Chile by the way, generally recognized

as being a left-of-center government is, I think holds the world's record for the number of free trade agreements, over 52.

So a great sense of pragmatism while they're developing their social programs and while they realize that they've got to get a lot of their population educated, working and participating. They realize that the best way they can do that is by being open to trade, business and investment.

Countries like Mexico, Chile, Peru, Brazil, Uruguay, Panama, the Dominican Republic, all of those are succeeding, growing, prospering. They all have work to do, they all have opportunities, they all recognize that they have challenges but their growth rate reflects the fact that they have opened their economy and that they realize that, that is the best way to let their own people grow.

We brought together leaders twice throughout the hemisphere to form the Americas Competitiveness Conference. We bring people together from, last time it was about 30, I think 26 countries, and we share ideas.

It's not where people come in just to receive a lecture from the people that come in, we've done it in Atlanta two years in a row, and we learn from each other. We learn from businesses in Ecuador and they learn from businesses in Argentina and they learn from businesses in the U.S. and ... we all learn from each other.

We have negotiated over the last eight years nine free trade agreements with Latin American countries and that is a huge step forward given that we had one and that was Mexico as part of NAFTA. But under President Bush we've added Chile, we've added the whole of Central America, the Dominican Republic, just recently Peru and Colombia and Panama are pending.

And it's interesting, that the two highest per capita incomes in Latin America are Mexico and Chile and they happen to be two countries with whom we have free trade agreements and the two countries that have had free trade agreements with us for a longer period of time. So free trade agreements work. They work for both sides. The numbers show they work and this is a very positive contribution to both countries and to both societies and again it goes back to contributing to freedom and democracy through commerce ... contributing to freedom and democracy through prosperity.

Colombia is one that I'm sure you've heard us talk about because we still haven't been able to get that up for a vote but if you ever think about a country that has gone through a transformation, that has gone on from being on the verge of being a failed state to being a vibrant, proud democracy that is Colombia and they've done it in a very short period of time.

This is a country that as you all know has been plagued with violence since 1950 and they have finally broken through. The complexity of the violence was incredible; different groups of Marxist guerillas fighting the paramilitaries, fighting the drug cartels, all fighting each other and fighting the military. At one point eight years ago, it was said that the Colombian government had control of less than 60 percent of the territory. Today, it's well over 95 percent and the economy is growing, poverty is down, the number of children in school is up, violence is down, you name it. It has improved.

The indicators are all going in the right direction and what we are telling our Congress is that if we don't pass this free trade agreement, if we don't put it up for a vote and pass it, that we run the risk of having Colombia go back and start losing jobs, because Colombia's neighbors have free trade agreements and they will be at a disadvantage. But it's such a great example of how we can contribute to freedom and democracy through commerce. That free trade agreement; and if you ask Colombians 'What would you like from the U.S.?', about 70 percent of them say 'the free trade agreement,' and President Uribe, who is on his second term, has about an 80 percent approval rating, and he'll tell us, if there's one thing you can do for us, is get that free trade agreement approved so we can trade more with the U.S. and buy your goods at a lower price and attract business. So probably the single biggest example that I can think of for commerce to make a difference.

One last point on commerce and freedom that I would not let pass up and that is to mention Cuba, because that's an example where there is no freedom and there is no commerce. And one day commerce will play a tremendous role in rebuilding Cuba. It's a very static economy. It's an economy that hasn't moved forward because there is no freedom of enterprise. You can actually get arrested for starting a business, so, it's like business is outlawed. Everything that we're trying to do that we've seen that helps to build prosperity and contribute to democracy is not allowed in Cuba.

One day it will be and I'm proud to say the Bush administration, as part of nine previous administrations, is the one country in the world that has always stood for human rights in Cuba. And while people are in jail and serving very, very long jail terms for simply having disagreed with the government, the U.S. will continue to speak up. And as having been born in Cuba I'm very proud of that ... many countries around the world just turn a blind eye to what's going on 90 miles from our shores, we have not. And hopefully soon we'll be able to talk about how commerce is contributing to the development of Cuba. I hope that one day someone will be here at this podium talking to many of you about that experience.

I'll just close with one of my favorite quotes from President Bush during his second inaugural. And he said; "The survival of liberty in our land increasingly depends on the success of liberty in other lands. So the best hope for peace in our world is the expansion of freedom in all the world."

And one big contribution we make to the expansion of freedom in all the world is through commerce and free trade and investments and in the age-old tradition of doing business with different countries, which incredibly does wonders to relationships.

Thank you for listening, thank you for your attention.