

Remarks by Secretary of Commerce Donald L. Evans

Before the U.S.-Russia Business Council

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Thank you Bob [Strauss, chairman, USRBC] for that kind introduction, and good morning everyone. I'm very pleased to see you here today, and I want to thank Bob, Gene Lawson [president USRBC] and all of you for your support of U.S.-Russia business relations.

I would also like to acknowledge a few people we have with us this morning:

- Deputy Prime Minister and Minister of Finance Aleksey Kudrin
- Deputy Head of the Presidential Administration Dmitry Kozak
- Russian Ambassador to the U.S. Yuri Ushakov,
- and former Russian ambassador to the U.S. and president of the Russia-American Business Council, Ambassador Yuli Vorontsov.

Thank you for joining us.

Ladies and gentlemen, as we all know, these past weeks have been unprecedented. Our hearts have been heavy. We have mourned the tragic loss of life, and struggled with uncertainties brought about by the attack on our country on September 11. But life, and the business of life, must go on.

We will move forward. We will persevere. We will not concede our freedoms, and we will not give up our dreams.

We are committed to freedom precisely because it allows all men and women to be free to pursue their own destinies, regardless of background or religious beliefs. That is both a foundation for greatness and a foundation for goodness. It is the foundation for all that is right and just. And it is central to the kind of world we strive for - a world of peace and prosperity.

Under President Bush's certain leadership, our nation - indeed, people around the world - have been drawn together in a common purpose. Despite the shockwaves generated on September 11, the rock of freedom and democracy remains stable beneath our feet. We are united. And we will prevail.

As President Putin said, the attack on the United States was a challenge to "civilized humankind." And President Putin, the Russian people - and civilized nations around the world - have pledged their support to this new global war to eradicate terrorism.

One front in that war is economic. The attacks of September 11 were as much assaults on the global economy as they were on the United States.

The threat of worldwide recession is real. Our enemies would like nothing better than for that threat to become a reality. Their actions were, no doubt, calculated to add instability to our economic structures. Well, we can't let that happen. We won't let that happen.

We must focus on strategies that are centered on growth - strategies that create wealth for ALL people. And the surest route to a more stable economic environment for all nations is greater openness to the world market - which brings me to why we are here today.

The United States' relationship with the Russian Federation is, and will be, an ongoing priority for this Administration. It is our hope that the trade and commercial relationship we are building between our two nations will become a cornerstone of a new and stronger partnership.

I have tremendous faith in the future of the U.S.-Russia partnership. I know President Bush is committed to building an enduring, mutually beneficial relationship. And in July, on my first trip to Russia, I experienced, first-hand, the commitment of President Putin and other Russian government and business leaders to building a stronger partnership.

And it was clear that the commitment to stronger ties between the U.S. and Russia goes beyond Russia's leaders. Indeed, it is widespread in the business community.

While I was in Russia, a businessman gave me this plaque. It lists 12 principles of business ethics, which were adopted by the Russian Chamber of Commerce and Industry in the late 1990s. The first principle says, "Profit is most important, but honor is more valuable than profit." Russia's commitment to principles like this is a sure sign of their sincerity in forging a solid relationship with U.S. business.

The U.S.-Russia Business Council has played a vital role in strengthening ties between our countries, and you have the sincere appreciation of the Bush Administration for your contributions.

We thank you for your help in organizing the new Russian-American Business Dialogue, which we look to for important progress in building the relationship between our countries.

And I must give credit where credit is due - this Council, and the successful work you have carried out over many years, have helped make my first official overseas business mission a reality.

When I head to Russia later this month, with leaders from 14 American businesses, it will be the first business mission to Russia led by a U.S. Commerce Secretary in seven years. And this Council - as well as the American Chamber of Commerce in Russia and the Russian-American Business Council - helped make it happen. Thank you.

When we first posted news about our trip, the response was immediate and broad-based. And the enthusiasm has not wavered, despite the September 11th attacks. By focusing on our business, we are showing what we are made of. We are saying

our confidence remains high. We are refusing to be intimidated by a pack of cowards.

In fact, many more companies applied to go on this trip than we could possibly accommodate. Seventy-five companies - companies that ran the gamut in terms of size and sector - wanted to join us. After a careful review process, 14 businesses will be going. They include a small entrepreneurial company with fewer than 20 employees, and corporations that are among the largest in the world.

The enthusiasm of these businesses springs from their optimism about what is happening in Russia. They know the Russian market is opening, and they are eager to establish contacts for bilateral trade and investment. There is a window of opportunity right now, both for the U.S. and Russia, and we want to make sure its benefits are realized.

There is no doubt in my mind that Russia wants a more open, transparent, investment-driven economy. Their goal is an economy governed by laws and rules that make it more attractive to foreign investors, as well as to domestic investors.

Russia also has signaled its intent by actively seeking membership in the World Trade Organization (WTO). Just last week, Ambassador Zoellick was in Russia to help move that along. WTO membership should give businesses greater confidence, as the rule of law continues to take hold in Russia.

And I believe that other actions of the Putin administration -

- pushing through major tax reforms and
- maintaining tight fiscal discipline

-- also emphasize that Russia is ready, willing and able to take the necessary steps to join the global economy as a full partner.

The Russian government has demonstrated a willingness to reform in other areas, as well:

- They passed a new Land Code that allows for the sale of commercial and residential property.
- And they are working on important judicial and labor reforms.

These are all positive signs for Russia's business environment, and they help to build business confidence and trust. Finalization of the multi-billion dollar Caspian Pipeline Consortium is another important symbol to foreign investors of Russia's movement in this direction.

But barriers remain to Russia's full participation in the global economy, and further reforms are necessary to tear them down:

- Russia's banking structure needs to be restructured.
- International accounting standards must be adopted.
- Intellectual property rights must be recognized and protected.

- Court judgments and awards resulting from arbitration must be enforced.
- And Russia's production-sharing agreement (PSA) for energy must be finalized.

These reforms are critical to building successful commercial relationships.

Russia's economy is moving in the right direction - poised for the growth that will follow as reforms are pursued and take hold. Despite concerns for the worldwide economy, Russia's economic growth is likely to continue this year. Inflation is in check. And real foreign direct investment in Russia will continue to expand.

While Russia is not a large market right now, with a GDP of about \$300 billion, we are confident that it can be, as it continues to reform and grow its economy.

As we pursue opportunities in Russia, we must keep our eye on the ball. stay focused on the end result. It goes far beyond free trade and economic growth. Our goal is nothing less than a world where peace and prosperity flourish.

The recent attack on America was a defining moment. It showed more clearly than ever the relationship between open trade, prosperity and peace, and freedom.

Free trade offers the promise of a higher quality of life. not just in the United States, but also around the world. It creates jobs and produces income. It raises standards of living. It lifts people out of poverty. And it fuels a thirst - a demand - for greater political and social freedoms.

And political, social and economic freedoms are critical weapons in the fight against those who use the victims of poverty and unfortunate circumstances as their fodder for war and power.

There are 6 billion people on the planet today. Nearly 3 billion of them live on less than \$2 a day. In Afghanistan, the people live on roughly a dollar a day. This extreme poverty breeds instability. It creates an environment where extremists, for their own evil ends, can exploit people who have no hope.

The status quo is unacceptable. Our nation must fulfill its responsibility as a world leader. Part of our responsibility is to lead the world in trade, which is critical in the quest for economic, political and social freedom.

It is with this responsibility in mind that President Bush has asked for a Congressional grant of trade promotion authority [TPA]. Trade promotion authority is critical if the United States is to maintain leadership in the global economy. It signals that the Administration and the Congress have reached a consensus on our negotiating objectives - that we are united, and our negotiators speak with authority. It also signals a strong understanding of just how important trade is to our economy.

Last Friday, I traveled to Kansas City with former Secretary of Commerce Bill Daley to promote TPA and trade. We could see signs along the sides of the roads that read: "Each Kansan farmer feeds 101 Americans."

I'd like to see signs that also read: "Twelve million Americans owe their jobs to exports." These jobs pay up to 18 percent more than the national average.

Before September 11, the economic case for TPA was strong. Today, I believe the case for TPA is even stronger. We need to demonstrate leadership to help a slowing global economy. We need to do what is right for our country, and for the world. TPA promotes an open international economy, which, in turn, provides for greater choices and freedom - and the greater understanding among cultures that can help lead to a peaceful, prosperous world.

As we move forward in the wake of the September 11th attacks, we must ask ourselves:

Will the United States sit on the sidelines, and allow others to write the rules that govern trade?
Or will the United States lead?

I think we all know the answer. As citizens who enjoy the richness of life made possible by our democracy, it is our responsibility to lead.

As President Bush has said many times, freedom is our greatest export. It is our responsibility to export freedom.

It is our responsibility to lead toward a world of prosperity, a world of peace.

Every one of us in this room has the freedom to use our talents, the freedom to succeed, and fail. The point is, we have the freedom. Free trade is a platform for launching and protecting freedom for people around the world.

We cannot allow the unelected to dictate the agenda. Trade is ultimately about freedom. This is an opportunity to succeed and create new American jobs, and it is about opening opportunities in other nations for people to pursue better lives for their families and themselves. It is about inculcating the values of freedom and democracy around the world. It is about letting people go where their ingenuity and innovation lead them.

Let me close with this. There is a Russian proverb that says, "Pray to the Lord, but keep rowing to the shore." In these challenging times, when our hearts are heavy and our losses great, our oars are in the water, and our goals remain clearly in focus. We have not stopped, nor will we. We are committed to carrying the banner of freedom and opportunity forward - for our nation and all mankind - with the help and support of our friends in Russia.