

Remarks by Secretary of Commerce Donald L. Evans

Before the American Chamber of Commerce

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[As Prepared For Delivery]

Thank you, Andrew (Somers, AmCham President). I am grateful to the American Chamber of Commerce for hosting this dinner.

I also want to extend a special thank you to Ambassador Vershbow. His support and assistance have been invaluable to the success of our work here.

Distinguished guests and friends, this dinner marks the last official event of our business development mission. I brought with me executives of 14 world-class U.S. companies eager to explore new opportunities in Russia. Can I ask them to stand, please?

I want to also introduce our colleagues, who are with us on this mission, and ask them to stand:

- from the Overseas Private Investment Corporation (OPIC), Peter Watson,
- from the Export-Import Bank, Vanessa Weaver
- and from the Trade and Development Agency, Carl Kress.

These "sister" trade finance agencies are key partners with the Department of Commerce, as we work together to forge strong, rewarding business relationships between the U.S. and Russia.

Over the past few days, I've learned that our mission members are a talented group of bottom-line business people. They have considerable global experience. And they also have track records as good corporate citizens - they make positive contributions not only to their bottom lines, but also to the communities where they do business. This was an important consideration for us in our selection process for this mission. I am sure it is also important to those in Russia who will be doing business with these companies.

This group is imbued with the true American entrepreneurial spirit. That spirit is characterized by an adventurousness - a willingness to take chances and a determination to succeed.

The companies on this mission are here because they see tremendous possibilities in Russia. They recognize that a window of opportunity is now open. They have an appreciation for the talents and resourcefulness of the Russian people - and a kinship with the new entrepreneurial generation that is taking root here, helping to drive the Russian economy in the 21st century.

All of us on this mission have a keen appreciation for the energy, innovation and wealth that small, entrepreneurial businesses bring to an economy. In the United States, small business employs more than half of the workforce, produces 55 percent of innovations, and accounts for more than half of private sector GDP.

And so, for us, one of the great rewards of participating in this mission has been the opportunity to encourage the entrepreneurial spirit here in Russia - to support the risk-takers, the innovators, the new Russian entrepreneurs - with our encouragement, our confidence, and our desire to forge partnerships that will create jobs and produce wealth for people in both of our countries.

We came to Russia with great hopes. We have not been disappointed.

- We knew that things were boding well when our first day of business just happened to coincide with a milestone in U.S.-Russia economic relations. We were here for the first shipment of crude oil from the Caspian Pipeline Consortium, a historic partnership that represents the largest-ever U.S. investment in Russia, topping \$1 billion. The Consortium sends a message to the world at this critical time in our history - it says that the U.S. and Russia are cooperating, to build prosperity and stability in this crucial part of the world.

And our mission participants report significant progress in their quest for new opportunities in Russia:

- M.E.C., an 80-employee company from New Jersey, signed a letter of intent with Mikron Corporation in Russia for a joint venture to produce semiconductor equipment and parts.
- Frito-Lay, based in my home state of Texas, this week announced the construction of a new state-of-the-art manufacturing plant in Kashira. This will bring \$40 million and 350 new jobs in Russia, as well as augment the already significant contributions of Frito-Lay to the U.S. economy.
- The Export-Import Bank signed a Memorandum of Understanding with Delta Leasing to provide small and medium-sized Russian companies with long-term credit at a rate they can afford, to lease equipment from U.S. companies.
- And 1,000 jobs are expected to be created in Russia as a result of a 29-and-a-half million dollar loan from the Overseas Private Investment Corporation for expansion of the Russian American Glass Company, known as "RASKO."

These developments are sure to contribute to the economic upswing in Russia that has enthused all of us on this mission.

- Inflation is in check.
- Real foreign direct investment is expanding.
- President Putin has pushed through major tax reform.
- His administration is maintaining tight fiscal discipline.
- The Duma passed important reform bills, allowing for the sale of commercial and residential property.
- And it is addressing important judicial and labor reforms.

Russia is also moving forward in seeking membership in the World Trade Organization [WTO], and the United States is actively supporting this. U.S. Trade Representative Bob Zoellick was here a couple of weeks ago, to help the move toward WTO accession. And two weeks ago, the European Union said it would work to give fresh impetus to Russia's bid for membership.

There's another reason we're here - and it relates to the terrible events of September 11.

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

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 pursue their own destinies, regardless of background or religious beliefs. That is both a foundation for greatness and a foundation for goodness. It is a 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 in the long campaign against terrorism.

An important front in the fight against terrorism is economic. The terrorists would like nothing better than a global recession. 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.

To this end, America's economic relationship with Russia is very important. When President Bush met with President Putin last June, he spoke of the great opportunities for cooperation between our two countries - on regional and security issues, and on commercial and economic issues.

I have tremendous faith in the future of the U.S.-Russia partnership. In the brief time we have been here, agreements have been negotiated, strategic contacts made. And, we've had frank discussions with our counterparts in government and the business community - discussions that give both sides a clearer understanding of what steps are needed to build on the progress we've made.

We emphasized that good corporate governance and business ethics are fundamental to participating in the global economy and obtaining investment. And we made it clear that U.S. companies are not looking for special treatment. They are simply asking that their investments be treated fairly and transparently -- no more - no less. And, if disagreements occur, they want to be assured that the courts will protect their rights and that arbitration awards will be enforced.

In turn, American companies bring access to capital, and technological and management know-how, as well as a commitment to excellence and best business practices.

In the new Russian-American Business Dialogue, we expect the private-sector mechanism to carry these discussions forward. The Dialogue was announced by Presidents Bush and Putin last summer, and I had the pleasure of meeting with its leadership during my visit here. Minister Gref and I are looking to the Dialogue to help identify mutual business

opportunities, and also to tell us where there are government barriers that keep our commercial partnerships from growing. I urge all of you to get involved, to play an active role in this important organization. I assure you, when the Dialogue speaks, Minister Gref and I will listen.

As we move forward from this business mission - as the Russian-American Business Dialogue gets to work in earnest - let us be sure to 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 terrorism -- 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.

Every one of us in this room has hope. We have the freedom to use our talents - the freedom to succeed - and fail. The point is - we have the freedom. And we must do our part to preserve that freedom for ourselves and for future generations - and to introduce hope where there is none today.

That is the potential of missions like this one. Yes, we are bottom-line people. We must be successful to meet our responsibilities to our families, our shareholders, ourselves and all of those who count on us. But we must also succeed so that the best of human nature triumphs over the worst. So that we can make life and the world a better place to live for our fellow man. Together, we will do that. We will do our part to work toward a world of prosperity and a world of peace.

During this mission, we have felt the excitement - the great hope and boundless enthusiasm -- of the emerging spirit of entrepreneurship in Russia. As American business people, we relate to it - we embrace it.

I recall vividly my own early development as an entrepreneur. Back in the early '70s, two young men arrived in Midland, Texas, full of confidence and not much more. We looked out across the dry, parched landscape of West Texas and believed we could build a future there for our families - a community. And we did. Not without a lot of sweat and toil, and a lot of worry about exactly how we would succeed - but we never had a moment of doubt about a successful outcome.

George W. Bush and I believed in the American dream. We believed in the free enterprise system. We had the fire of entrepreneurship in our bellies, and the freedom to go as far as our God-given talents would take us.

There are young men and women in Russia today with that same entrepreneurial spirit. People who believe in themselves and believe in free enterprise - who are willing to take risks, to put their futures on the line for a chance to realize their dreams.

I believe that what we have done here, and the relationships we have forged, will help create an environment where the dreams of those young Russian entrepreneurs can come true. Perhaps one day, in the not-too-distant future, they, too, will be participants in the global marketplace - doing their part to foster a world of prosperity and a world of peace. I can think of no greater accomplishment.

Thank you. God bless America, and God bless Russia.