

The American Chamber of Commerce in Russia at

The U.S.-Russia **Business Summit**





Andrew B. Somers
President of the American
Chamber of Commerce in Russia

Alexander Shokhin,
President of the Russian Union
of Industrialists and Entrepreneurs



American
Chamber of
Commerce in
Russia

Tel.: 7 (495) 961 2145
Fax: 7 (495) 961 2142

Dolgorukovskaya st., 7
14th Floor
Moscow, 127006
Russia

The Moscow Business Summit of July 7, 2009 marked a significant step forward in “resetting” the relationship between the U.S. and Russia. Organized by the American Chamber of Commerce in Russia and the Russian Union of Industrialists and Entrepreneurs, the Moscow Business Summit featured the participation of 40 American and Russian company CEOs and a concluding session with U.S. President Barack Obama and RF President Dmitry Medvedev.

This meeting of global business leaders was timed to coincide with the Moscow Summit meetings between the two presidents and was designed to provide recommendations to both governments from the business community. Consisting of three panels dedicated respectively to institutional framework, investment, and innovation, the program highlighted CEO perspectives on challenges and opportunities for sustained growth in two-way trade and investment. An audience of 700 Russian, American, and international executives attended in the historic Manezh Exhibition Hall.

Following the 3 CEO panel discussions President Obama and President Medvedev joined the Business Summit. Presentations to the presidents summarizing the CEO recommendations were given by Alexander Shokhin, President of the Russian Union of Industrialists and Entrepreneurs, Victor Vekselberg, CEO of Renova Group, Klaus Kleinfeld, CEO of Alcoa and by me on behalf of the American Chamber of Commerce in Russia. In their concluding remarks President Obama and President Medvedev emphasized their commitment to expanding economic relations as a critical element in stabilizing an improved U.S. - Russia relationship.

To carry forward the recommendations of the Moscow Business Summit, active participation by business leaders in a new US-Russia Presidential Commission now being formed will be crucial to producing tangible economic benefits. The Commission’s Working Group on Business Development and Economic Relations to be chaired by U.S. Secretary of Commerce Gary Locke and RF Minister of Economic Development Elvira Nabiullina will be a key Commission component for driving change and accelerating investment and trade.

The American Chamber of Commerce in Russia in partnership with the U.S. Chamber of Commerce and the U.S. – Russia Business Council will take an active role in the Presidential Commission and coordinate closely with the Russian Union of Industrialists and Entrepreneurs and its Russian partners, Business Russia and Opora.

Best regards,

Andrew Somers

President
American Chamber of Commerce
in Russia

Overview of CEO recommendations to Presidents Medvedev and Obama



At the Moscow Business Summit, before the arrival of Presidents Obama and Medvedev, more than thirty global business leaders convened for three CEO panel discussions designed to provide the Russian and American governments with recommendations for increasing the openness of their respective markets for mutually beneficial trade and investment opportunities. While each panel had a clear focus for discussion (institutional frameworks for the first panel, then investment and sector cooperation for the second, followed by high technology and innovation for the third), certain recurring themes presented themselves throughout the day, outlining areas that require greater progress in order to spur bilateral trade and investment, or that offer tremendous potential for development.

Many Russian and international CEOs, for example, touched on the need for Russian WTO accession, as well as hopes for a bilateral investment treaty. Likewise, several speakers called for the removal of administrative barriers hampering foreign investment by both the U.S. and Russia, while others warned of growing protectionism in both countries. Other recommendations included:

- **Cooperation in energy production:** The United States is the world's largest consumer of energy, while Russia is the largest producer, so the synergies are obvious. Moreover, as exploration and production become more difficult, international partnerships turn out to be more efficient in terms of the exploration, production, transportation, processing, marketing, and selling of energy to consumers.

- **Small- and medium-sized business development and support:** U.S.-Russia business partnerships have been traditionally based around major projects with a limited number of participants. Now is the time to strengthen economic collaboration regarding many small-business enterprises. This opens new possibilities for citizens of both countries, while helping to solidify Russian - American economic relations. Many panelists discussed how American small-business know-how and experience could be a great boon for the Russian economy, particularly within the IT sector.
- **Investment in Russian technology and the encouragement of technology development partnerships:** This development is ben-

eficial in such diverse fields as information technology, computer systems, biotechnology, agriculture, infrastructure, and nanotechnology. It was often stressed that greater progress in the area of intellectual-property protection in Russia is a pre-condition for this. Also, speakers encouraged tax and other investment incentives for IT development.

- **Cooperation in cultivating Russia's livestock and crop potential:** Speakers encouraged information exchanges and partnerships with U.S. farmers to help build Russia's agricultural sector. In terms of manufacturing farm equipment, it was suggested that Russia reduce tariffs and financial barriers in order to support a transition among U.S. manufacturers from importing



equipment to producing locally-made equipment, much like what has happened in the automotive sector.

- **The development of the rule of law in Russia:** While applauding current efforts, panelists underscored the need for greater progress in this direction.

The majority of speakers voiced their strong approval for the creation of the U.S.-Russia Presidential Commission's Working Group on Business Development and Economic Relations, and said that they see it as the way forward to promote two-way investment opportunities.

Co-presenting the American consensus to both President Obama and President Medvedev, Alcoa CEO Klaus Kleinfeld encouraged new

initiatives to promote the rule of law and to lesson bureaucracy in Russia. AmCham President Andrew Somers urged both governments to modernize antiquated regulations limiting the export and import of encrypted products, costing both economies billions of dollars in lost trade. Later, President Obama referred to Mr. Somers' comment in his address.

Co-presenting the Russian consensus, Renova CEO Victor Vekselberg urged the signing of a bilateral investment treaty and Russian Union of Industrialists and Entrepreneurs President Alexander Shokhin summarized the multi-sector opportunities dependent on governmental action to reduce trade barriers.

(The remarks of Messrs. Kleinfeld, Shokhin, Somers, and Vekselberg are published in full below.)



CEO Panel Discussions

Panel One:

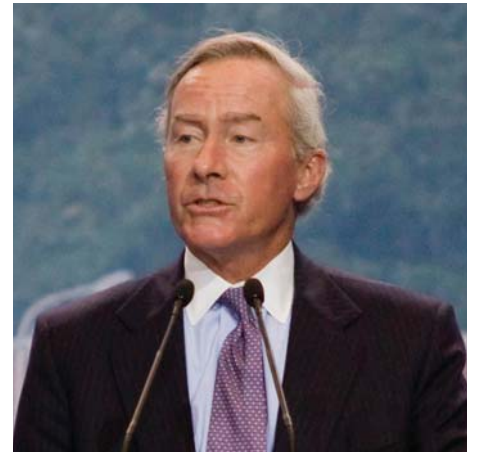
The Economic Content of the “Reset” of Russian-American Relations



Sergey Borisov,
President,
OPORA Russia



Vladimir Dmitriev,
Chairman,
Vnesheconombank



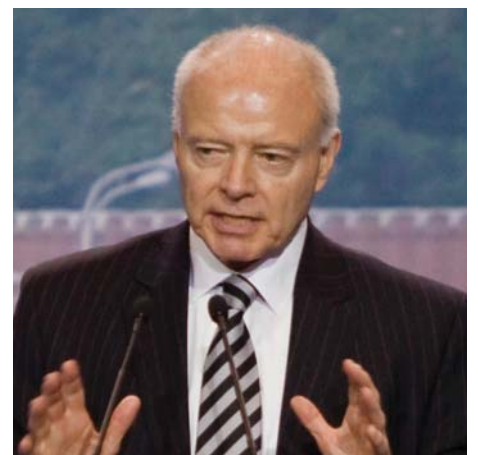
John Faraci,
Chairman & CEO,
International Paper



Alexey Mordashov,
General Director,
OAO Severstal



Dave O'Reilly,
Chairman & CEO,
Chevron



Andrew Somers,
President,
AmCham Russia



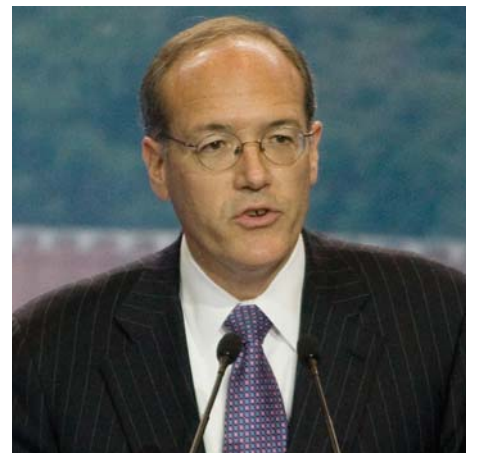
Moderator:
Alexander Shokhin,
President,
Russian Union
of Industrialists
and Entrepreneurs



Boris Titov,
Chairman,
Delovaya Rossiya



James Turley,
Chairman & CEO,
Ernst & Young



Edward Verona,
President,
U.S.-Russia Business
Council



Vladimir Yakunin,
President,
OAO Russian
Railways

CEO Panel Discussions

Panel Two: Investment and Sector Cooperation



Samuel Allen,
President,
CEO-designate,
John Deere



Steven Davis,
Chairman and Partner,
Dewey & LeBoeuf



Neil Duffin,
President,
ExxonMobil Development
Company



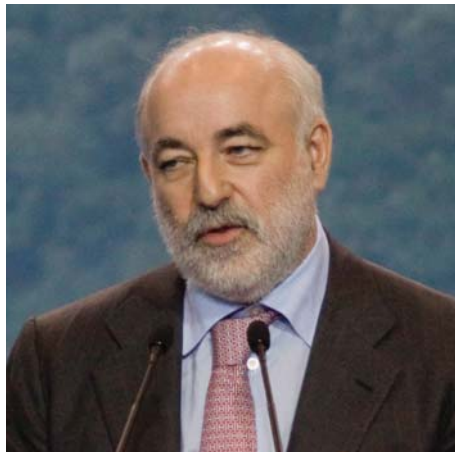
Sergey Generalov,
President,
FESCO Group



Drew Guff,
Managing Director,
Russia Partners



Vladimir Lisin,
Chairman
of the Board,
OAO NLMK



Moderator:
Victor Vekselberg,
CEO,
Renova Group



James Mulva,
Chairman,
President, & CEO,
ConocoPhillips



Indra Nooyi,
Chairman & CEO,
PepsiCo



Zakhar Smushkin,
Chairman
of the Board,
OAO ILIM Group



David Yakobashvili,
Chairman
of the Board,
OAO Wimm Bill Dann



Igor Zyuzin,
General Director,
OAO Mechel

CEO Panel Discussions

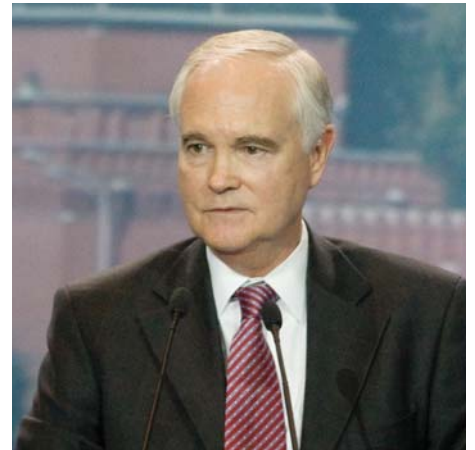
Panel Three: High Technology and Innovation



Ursula Burns,
CEO,
Xerox



John Conroy,
Chairman of the
Executive Committee,
Baker & McKenzie



Chad Deaton,
Chairman of the
Board & CEO,
Baker Hughes



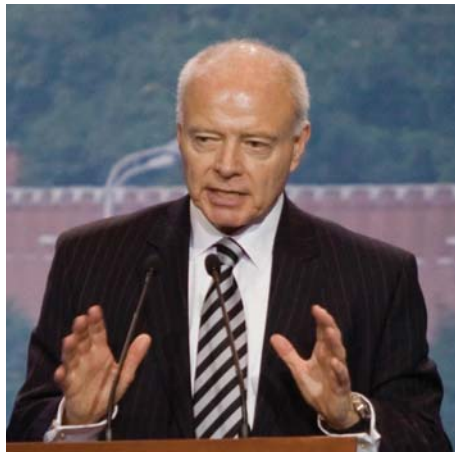
Erik Fyrwald,
President, CEO,
Nalco



Anatoly Karachinsky,
President,
Information Business
Systems



Klaus Klienfeld,
CEO,
Alcoa Inc



Moderator:
Andrew Somers,
President,
AmCham Russia



Dennis Nally,
Chairman,
Pricewaterhouse-
Coopers



Sergey Nedoroslev,
Chairman of the
Board,
Kaskol



Ellen Pinchuk,
Television
Correspondent
Bloomberg



Mikhail Prokhorov,
President,
ONEXIM Group



Dmitry Pumpyanskiy,
Chairman
of the Board,
OAO TMK



Natalia Zolotykh,
Vice-President,
OPORA Russia



Excerpts from Summit Speeches

by **Elvira Nabiullina**, Russian Minister
of Economic Development and Trade

The potential for growth in mutual trade and investment is far from being realized. One example should suffice: In 2008, before the effects of the crisis were being felt, our turnover in commodities amounted to more than \$27 billion, having increased by 53 percent, but nonetheless the U.S. still ranks only eighth among the trading partners of Russia. The U.S. share of Russia's foreign trade is 3.7 percent; while Russia's slice of [U.S.] foreign trade is even smaller: less than a percentage point.

The structure of our trade relations also needs to be significantly improved. In our view, this can be done by developing cooperation and implementing joint projects. Indeed, the situation is already changing bit by bit. Yesterday a significant event occurred: The Presidents of our countries agreed to launch a bilateral commission that will include a working group on the economy. It will be engaged in questions of entrepreneurship, trade and investments. And I am confident that this group's work in conjunction with the business dialogue will allow for substantially improving the dynamics of our commercial relations and our cooperation in investments.

Now some words about those sectors and segments where our interests coincide and where we rely especially on collaboration with American companies. It has already been noted that we have a special interest in fields of innovative development, where American companies are working with advanced technologies and effective management. Also addressed

were high-tech services in scientific fields and their commercial applications, as well as collaboration in the fields of space and nuclear energy. And the greatest future returns, in our view, lie in joint projects in nano- and bio-technology.

Considering the importance of maintaining global energy stability, collaboration between our countries on joint energy projects, energy-saving technologies and alternative sources of energy – including clean energy – is not only potentially profitable but necessary. We also see significant prospects for mutually beneficial investments in the areas of transport, communications, machine building and agriculture. In fact, we already have a successful history and success-stories in a number of successful investment projects, such as major projects involving American companies ExxonMobil, ConocoPhillips and Chevron in the oil and gas sector, Ford and General Motors in the auto industry, Alcoa in the metals industry, Cargill in the agricultural sector, and many others.

And there are more recent projects: a joint project with Branco for the production of a new generation of railroad bearings, for example. New projects also include the joint venture between Boeing and VSMPO-Avisma for the production of titanium components for aircraft. And a PepsiCo production plant in Domodedovo, just outside Moscow, will begin operations tomorrow.

Plans for Russia's rapid accession into the WTO have not changed ...

Currently, regroupings and changes in format are being worked out. We are conducting these together with our partners from Kazakhstan and Belarus and intend to move forward with the greatest possible speed. Moreover, the Russian Federation has for a long time conducted itself in accordance with the basic rules and regulations of the WTO and in practice shares the basic principles of that organization.

Further, I do not agree with those who state that our anti-crisis policy is excessively protectionist. In contrast to those of many other countries, it is extremely restrictive only on tariffs. We neither introduced nor plan to introduce any limitations on foreign investors. The increase in import tariffs is an effort to partially compensate for damages from the massive anti-competitive protections for producers in the countries of our trading partners.

Moreover, the majority of tariff measures we have introduced are on a temporary basis of nine months only. And in terms of real impact, our tariff measures are considerably milder than the subsidies afforded our partners. Not only that, but Russia continues to decrease customs duties on a number of goods. Recall that in 2007, the weighted mean tariff on imported goods was 11.6 percent, while for the first five months of this year it has been 10.8 percent. In other words, as a whole the weighted mean tariff on imported goods has fallen. I would also like to note that as part of the creation of the customs union with Belarus and Kazakhstan, we have

maintained the policy of gradually reducing import duties.

Anti-crisis protectionism is many-sided and often encountered even outside the framework of such respected organizations as the WTO. Further, protectionism exists in various forms: investment, financial and ecological. We support [anti-protectionist] efforts here and are working within all international frameworks to jointly get beyond protectionism in all of its forms.

We are carrying out a step-by-step policy to improve the investment climate and the safety of capital investments in Russia for all investors, including foreign investors. Corporate legislation has also been improved. Only recently the Duma passed a number of laws including a bill against corporate raiding and improvements on bankruptcy legislation. We are also strengthening the effectiveness of corporate procedures and the transparency of corporate procedures. And the government is introducing elements of private control into those companies in which it is an owner, actively inviting independent directors. So we are employing all the rules and norms that foster a favorable investment climate and will continue to employ them in the future.

I would also like to add that without a doubt we have great hopes for small- and mid-sized business and have adopted a number of measures to support them. We consider this an area full of potential for interaction between the companies of our countries.



by Gary Locke, United States Secretary of Commerce

Well, thank you very much, Andrew. It's really a pleasure to be here and an honor to be part of this U. S. - Russia Business Summit – a great honor to be here with Minister Nabiullina who I just met a little while ago and look forward to working with her on a very intensive basis to move the recommendations of this summit forward.

I also want to thank and congratulate the host Russian and U.S. business organizations for bringing together such a distinguished group of business leaders from Russia and the United States.

I want to thank Alexander Shokhin and Andrew Somers for serving as moderators and reporters. This business summit provides a wonderful opportunity for Minister Nabiullina and myself, since we will be co-chairing a business economic development relations working group; part of the intergovernmental commission formed by President Medvedev and President Obama. I envision two purposes for the working group: one, to give members of the American and business communities a platform by which to engage with both of our governments, and two, to provide a government-to-government channel where we can consider and, where appropriate, implement your ideas and your recommendations.

This new working group can help advance a goal that's in the interest of everyone here: openness. The United States and Russia should strive to maintain and increase the openness

of our markets to trade and investment – mutually beneficial trade and investment.

In this time of economic turmoil, it's especially important for us to remember the pledge of all G-20 countries made in April to, quote, “not repeat the historic mistakes of protectionism of previous eras,” unquote.

Countries around the world, including the United States, have taken exceptional measures to stabilize their domestic economies, but sometimes, the line between necessary domestic stability and outright protectionism can grow blurry.

The leaders of our two great countries rightly care about stopping the job losses and dislocations that have characterized this global economic downturn. But all of us must be sure not to cross to the wrong side.

Now is the time to further U.S. and Russian integration with the world economy. As Minister Nabiullina indicated a few minutes ago, we have not fully reached the potential of trade and investment between the United States and Russia. Now is the time to realize and meet that full potential.

I'm proud to be able to say that the United States is more receptive to foreign investment than any other country in the world. No proposed Russian investment in the United States has been rejected, and in fact, Russian companies have made very significant investments in areas such

as steel, mining and retail petroleum. These investments benefit the United States as well as Russia.

Likewise, we consider it very much in the interest of Russia to further integrate into the world economy and we support Russia's accession to the World Trade Organization and encourage Russia to pursue opportunities to increase its bilateral trade and investment with the United States, as well as other countries.

Earlier in this decade, Russia took steps to improve its business climate through tax and other reforms. As a result of these steps and strong economic growth, Russia was successful in attracting significant amounts of foreign investment, especially from the United States. These investments have produced tens of thousands of jobs in Russia for its people and helped raise the standard of living for the Russian people.

One of the those benefits of foreign investment is innovation, which President Medvedev has identified as a key priority for the Russian economy. Today, in Russia, American companies such as Boeing, Motorola and Microsoft and their Russian partners are helping to advance and develop new technologies. And indeed, U.S. investment is serving to help launch new Russian companies.

Russian workers and managers are producing new products in Russia by utilizing American investment and American partners, such as Proctor & Gamble and PepsiCo. U.S. invest-

ment in Russia can help Russia focus on advancements in such sectors as health care, IT, technology, energy efficiency, and alternative energy. And many of the executives who have played such a key role in joint U.S.-Russia ventures are here today. And I look forward to hearing their recommendations on how we can strengthen the ties that bind our two countries.

I know that President Obama looks forward to hearing a summary of the results of this meeting, as well as of future business-to-business summits. He and President Medvedev are planning to join us in about 90 minutes. So we encourage all of you to have a most productive and candid discussion. And Minister Nabiullina and I will be back shortly to also participate and hear of your work product. Have a good afternoon.

Thank you.

Recommendations to Presidents Medvedev and Obama



ANDREW SOMERS:

President Obama, President Medvedev, on behalf of the American Chamber of Commerce in Russia, the U.S. Chamber of Commerce in Washington and the U.S.-Russia Business Council, we are very grateful that you are both spending time with us today and that each of you have placed business as a cornerstone in a new political relationship. We feel privileged that you're here and I'll be very brief.

I can't summarize the very rich discussions that took place in the last two-and-a-half hours by leading business executives, but if I had to pick one area where I think both governments could take the same steps to increase the flow of investment and trade in the billions of dollars, it would be to modernize the U.S. export control regulations and modernize the Russian Federation input regulations, particularly those regulations that are centered on encryption.

Encryption was a device initially to create military weapons and then became subject to dual-use, which was dangerous. But technology has passed by those regulations. Those regulations are protecting nothing – well, let me say most of them are protecting nothing. And we would urge both administrations to take a hard look at export and import control regulations, particularly those that center around encryption. Almost every product in the world is now encrypted. But they are held up at both borders because of obsolete rules and regulations.

And I would simply like to close by thanking both presidents for creating this commission in which both governments and elements in each government will be, on a regular basis, meeting and that you have included business within that framework. Thank you very much.

ALEXANDER SHOKHIN:

Dear Presidents, please allow me, as the co-organizer of our business summit, and on behalf of the RSPP and those business associations, which have been present at the Russian-American business summit, these are: the Chamber of Commerce and Industry of Russia, "Business Russia", "Support Russia", and the Russian-American Council on Business Cooperation, to thank each of you again for your participation in our summit. And actually, we are grateful to you as well, for the fact that you have recreated, on the

basis of your meeting, the permanent intergovernmental mechanism of consultations in all basic areas, including trade, investment and entrepreneurship.

We at the summit would like to request that the business summit would be not only a guest at the corresponding meetings of the intergovernmental commission and at the sessions of the working groups, which will be headed by the Minister Nabiullina and Secretary Gary Locke, but also that there would be a mechanism for the constant inclusion of business interests in the consideration of those problems and those economic issues that are standing in front of our countries.

It goes without saying, that the Russian-American business summit is able to introduce a new structure in our cooperation and realize that potential, that enormous potential, which exists between our countries. So far it has not been used in its entirety. This was due to the fact that



in the political arena, in the area of foreign relations, and in the area of disarmament region not all was normalized in recent years. But we strongly hope that the business will know how to become one of the drivers of an improvement in the relationship between our countries. It goes without saying, that the basis in international law of our collaboration does require renewing. Actually, basic agreements in the area of taxation and the protection of investments have been almost concluded ... and were concluded almost twenty years ago. Since that time a lot of water has passed under the bridge, and there is no doubt that here we can create new conditions for the realization of both bilateral projects and projects in the third world.

In speaking about joint projects: we had concentrated on high technology, on innovations. And here we refer to the fact that those priorities in the modernization of the Russian economy, which were enunciated by you, Dmitriy Anatolevich, literally two weeks ago, these priorities are also those of Russian-American collaboration as well. Both Russian and American companies propose not only concrete projects for collaboration, but arrangements as well – financial arrangements, institutional arrangements – in order that these projects could be implemented. It goes without saying that it is important to realize here the full measures for the protection of intellectual property rights. And here an understanding between the Russian

and American sides of business also exists.

We have also heard from our American colleagues that the fact that causes surprise for them is the fact that Russia, being one of the largest economies in the world, until now has still not entered into the World Trade Organization. And we have also informed our colleagues about the fact that Russia will enter into the WTO via the customs union. But, in our opinion, the customs union should not lose the possibility of accession and should retain those conditions which have been worked out by Russia within the framework of the negotiations that took place over the last sixteen years with that organization. And then in such a way, that progress would not be lost, those successfully negotiated processes; and in such a way it will be possible for the customs union to be joined to the WTO in a sufficiently rapid manner.

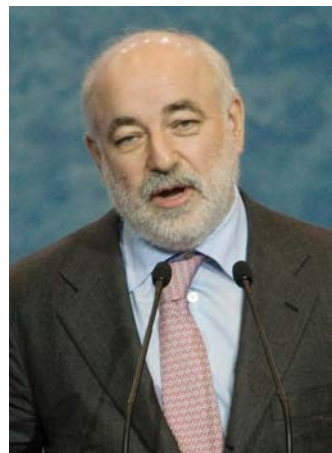
We rely on the fact that the encounter of two Presidents at this business summit will serve as an impetus for – not only for the setting of new meetings in the future, these kinds of business summits – but that it will also contribute to the realization of large-scale projects as well, and in the creation of systematic conditions for favorable entrepreneurship and business both in the United States for Russian capital, and in Russia for American capital. Thank you.

KLAUS KLEINFELD:

Well, thank you very much, Mr. President Obama, Mr. President Medvedev. We have had a very productive session here and all agree there is plenty of opportunities for growth between the businesses in Russia and the U.S. We do not only think about oil and gas and mining industries, but Russia has a wonderful track record of other industries in the shipbuilding and the aerospace and the farming, just to mention a few.

All of that is embedded in a country that has great culture, that has historically shown this many, many times and which is added into excellent people, well-educated and we saw it again this morning those of us, like you, President Obama, who attended the New Economic School graduation celebration, people that have outstanding track records, particularly in science and math.

All of that gives opportunities, combined with capabilities in nanotech, IT, just to name a few. Wonderful.



There's one foundation that we all need. And we congratulate President Medvedev, you, on the initiative that you've taken there, which is really solidly founded. It's the rule of law and less bureaucracy. We know that the country has vast different cultures, different traditions and we are even actually seeing quite a bit of progress and that is really encouraging to see.

To sum it up, we really are very happy that the two of you took the initiative to form an intergovernmental group between Russia and USA business leaders to look for further opportunities of growth. One thing I can say for both sides, we are ready to support it as much as we can. Thank you very much.

VICTOR VEKSELBERG:

Dear Dmitriy Anatolevich, dear President Obama, please allow me, on behalf of the Russian-American Business Summit, to inform all of you on the fact that for several hours some

very fruitful discussions and exchanges of opinions as regards the current state of Russian-American economic collaboration have taken place.

Alas, we are obliged to note the fact that the level discussed today does not clearly correspond to the potential that lies between the two countries. And we do see all of those opportunities and prospects, which, of course, must be realized in the very near future. And it seems to me that all of the appropriate prerequisite conditions are there, especially - in the context and the creation of a working commission, one that is inter-governmental, within the framework of which various corresponding working groups will work in specific sectors. And we will play an appropriate role in them.

Also, we suppose that it is well past the time to implement a new version – that would take into account new priorities – the agreement on the protection of mutual investments in our two countries, which would also reflect the current state of our relationship. But I would still like to stress with particular emphasis that we have discussed not only mutual investments - both in Russia and in the United States, but that we consider that we have large prospects for collaboration in the third world: in Asia and in Africa.

And please allow me to again express confidence in the fact that we firmly hope that in terms of Russian-American economic relations there will be a good future ahead of us. Thank you.

The Speech of Barak Obama:

Good afternoon. It is a great privilege to join all of you today with President Medvedev. From our first meeting at the G20 summit in London to our discussions here in Moscow, President Medvedev's leadership has been critical to new progress in U.S-Russian relations. And the fact that he has experience in business, in the private sector, makes him an invaluable ally in our efforts to improve the commercial ties between our two countries.

I want to thank our ambassador, John Beryle, for all the work that he does here in Moscow. And I want to thank all the organizations that helped to bring us here today: the U.S.-Russia Business Council, the American Chamber of Commerce in Moscow, the Russian Union of Industrialists and Entrepreneurs, Business Russia, and so many others.

All of you are part of a long line of commerce and trade between our peoples. Russia and the U.S. first established diplomatic relations more than 200 years ago. But before we ever exchanged ambassadors, we exchanged goods. Along the way you gave us a pretty good deal on Alaska. Even during a long Cold War, trade endured - American grains, Russian raw materials. And in recent years, Russian-American trade surged.

So I want to thank all of you for your outstanding ideas on how our two countries can deepen these ties even further, with new trade and investments that will create new jobs and prosperity for people in our countries. This was a key message of the speech that I just delivered this morning at the New Economic School, where you've got some of the most talented young people in Russia studying business and economics, recognizing

that the future of Russia is intimately wrapped up with commerce.

Now, I've called for a "reset" in relations between Russia and the United States, but this can't just be a matter of two presidents - it has to go deeper. It has to be between our people. It has to be more than just security or dismantling weapons. It has to be about our common prosperity - the jobs we create, the innovation we unleash, the industries that we build.

And that's why I made it very clear: America seeks a prosperous Russia that partners with us on a broad range of issues. We want Russia to be selling us goods and we want Russia to be buying goods from us. And that's why we've created a U.S.-Russia Bilateral Presidential Commission to explore new opportunities for partnership.

Now, many of you here are part of this important work, and I want to thank you. And I also want to thank our commission co-chairs for their leadership, and I am confident that they are going to do an outstanding job - our Minister Nabiullina and Commerce Secretary Gary Locke. They both bring a long track record of forging trade relationships and creating jobs in the 21st century - in agriculture, in health, in energy, science and technology.

Our commission reflects a fundamental truth of the global economy, and that is that prosperity is shared. When Russia buys aircrafts from U.S. aerospace companies, that sustains jobs in America. When an American soda company opens a new bottling plant outside of Moscow, that creates jobs for Russians. When our economies grow more intertwined, all of us can make progress.

But if the opportunities of our global economy are shared, so are the risks. Reckless speculation of bankers in one country reverberates on the floor of the Moscow Stock Exchange. A contracting global economy and shrinking trade means closed factories and lost jobs from North America to northern Russia.

So our fortunes are linked, and yet so much potential remains untapped. I said that we have made progress, but consider this: Total trade between our countries is just \$36 billion. Our trade - America's trade with Russia is only about 1 percent of all our trade with the world - 1 percent - a percent that's virtually unchanged since the Cold War. And that \$36 billion is about the same as our trade with Thailand, a country with less than half the population of Russia. Surely we can do better.

In fact, Russia and the United States are natural economic partners: between us, we're a market of some 440 million consumers, including Russia's growing middle class. There's Russia's skilled workers, vast scientific establishment, and natural resources. On the other hand, there's American leadership in high-tech, manufacturing, agriculture and capital. So we need to make it easier for American companies to invest in Russia and make it easier for Russian companies to invest in the United States.

There are so many opportunities for cooperation, some of which have already been mentioned. But in order to achieve this better future, we're going to have to do some work, and some of the areas where our governments are going to have to do work have already been mentioned. We have to promote transparency, accountabil-

ity, rule of law on which investments and economic growth depend. And so I welcome very much President Medvedev's initiatives to promote the rule of law and ensure a mature and effective legal system as a condition for sustained economic growth.

We also have to work on bureaucracy. The small example that was just mentioned I'm sure is costing millions, billions, cumulatively over time, of lost opportunities and spent person hours - unnecessarily because we simply haven't updated our laws. Russian and American collaboration could unleash opportunities and prosperity across a whole range of endeavors: from agriculture to aerospace, from green construction to clean energy, from transportation to telecommunications - if we seize this moment, if we this cooperation. We can help to get out of the way. And we will. But ultimately, individual entrepreneurs and businesses have to advance the agenda. And I commend you for being here to do precisely that, because entrepreneurship and innovation are among the greatest forces in human history when it comes to progress and prosperity. It's our workers, it's our people, it's our ideas, who are the greatest engines of economic resource. It will be with their skills and talent that ultimately will determine the fate of nations in the 21st century, not simply the bountiful natural resources that both America and Russia share.

I'm told there's a Russian proverb that says, "Every seed knows its time." So today, I hope that we've planted a seed - a seed of new cooperation and new commerce. And now we must do the work of seeing that that seed grows into a relationship that advances pros



The Speech of Dmitry Medvedev:

Ladies and gentlemen,

I would like to begin by welcoming everyone here. We are running a little bit late, but let me assure you, this is because we were working, as the President of the Russian Federation and the President of the United States do not meet that often.

Furthermore, President Obama has had a very busy day, and even this meeting with business leaders is not the last item on his agenda today.

It is my pleasure to make a few remarks. I will begin by saying that just recently, about a month ago, I met with many of the people present here today at the St Petersburg International Economic Forum. I am certain that some good discussions were held there, and I'm sure that the discussions here today will also lead to practical results.

I think that nearly all the issues we needed to discuss have been brought up, but still I feel that it is my duty to make a few general remarks.

I would like to say that the United States of America is our nation's long-standing and promising partner, a partner with whom we have many plans that have not yet been implemented. Even the difficulties that have existed between our states in the past and the affects of the crisis have not decreased the desire of our businesspeople to work on joint projects, which is wonderful.

Last year, as you recall, we had exceptional results in trade turnover between our two countries, although I would like to emphasise again that those figures could have been even higher. This year, we have had somewhat of a slowdown, but we can ensure that this slowdown is not extreme, so that cooperation between our nations accelerates in a variety of areas.

During our first meeting in London, the President and I made a joint statement that highlighted the need for new momentum in our trade and economic relations, expressing our unified stance that business leaders from both countries should use every opportunity to generate economic activity. The fact that so many businesspeople are present here today and that our business community is so widely represented serves as direct evidence of those opportunities.

I must mention that in terms of cooperation, at some moment the Russian and U.S. business communities were well ahead of the official organizations, especially in few recent years. Over the last several days, we have tried to fill in those gaps, and yesterday, as you know, we created the U.S.-Russia Bilateral Presidential Commission. The Commission addresses a variety of issues in cooperation, first and foremost through working groups that will work under the guidance of the ministers present here today. I think it is very good that the working group on developing trade, economic, investment, and business relations will be headed by Economic Development Minister Elvira Nabiullina and Secretary of Commerce Gary Locke.

Yesterday, we devoted a lot of time to discussing economics, though perhaps not as much as issues of global development and nuclear disarmament. Still, we had a productive discussion, and we feel that it is important to maintain positive attitudes within the business communities in our countries.

We also discussed some fairly practical issues. President Obama asked me whether Russia will be joining the World Trade Organization. You already provided Russia's answer at this forum. I would like to state again, on behalf of our nation, that we will be joining the World Trade Or-

ganization. And we will do this with consideration of the progress that has been made in recent years.

The format may change, and we may need some additional agreements, but we do not want to lose any of the ground that we have gained in the last few years. The road turned out to be long and difficult, and quite frankly, we are a little tired of it, as we have been waiting for sixteen years. But we will hope that some reformatting will allow us to come to an arrangement as quickly as possible.

Investment is very important, and we fully welcome the diversification of American investments in our country. In addition to investing in the oil and gas sector where they already have some presence, we would very much like for our American partners to invest in other sectors as well: traditional Russian industries, as well as the high-tech sector. One of our topics of discussion was environmentally clean projects and a green economy. I feel that in this regard, we have some excellent opportunities to cooperate, and after this visit, President Obama and I will continue discussing these issues at the G8 summit in Italy.

I must also mention another positive event that took place today: the launch of a joint venture between VSMPO-AVISMA Corporation and the Boeing Company. This is a very good project.

Yesterday, I was talking to President Obama about the possibility of building cooperation in new directions in the transport sector; in particular, I brought up the idea of creating a large transport airplane. This was just an example, and it does not mean that we should definitely focus on this sector, but there are multiple possibilities of this kind, and they represent areas where we can work together.

American companies have a lot of potential. I know that the John Deere company has plans to begin production of agricultural equipment, and a factory is already being built in Kaluga. Indeed, this company was one of the first to supply tractors to our nation in pre-revolutionary times, and then during the Soviet era.

We have other examples of investment cooperation. Fifty years have passed since Don Kendall treated Nikita Khrushchev to some Pepsi-Cola, and we have been drinking it for nearly forty years. This may be a rather basic example, but it, too, demonstrates the possibilities for normal cooperation, which we are seeing more of, and soon there will be new production facilities launched in Russia.

Why am I bringing this up? Because during a difficult period in Russian-U.S. relations, we began to pay less attention to some truly positive examples of Russian-American business dialogue and existing large-scale joint projects. But in fact, we should consider this to be our responsibility. Thus, the new formats of cooperation, the new initiatives, and the new administrative mechanisms that Mr President and I created yesterday will surely help.

So I would like to invite all our American colleagues to engage in broad cooperation with Russian businesspeople. I hope that my colleagues, who are present today, have already said the same thing. I am certain that by having stronger, more stable business contacts, it will become easier for us to discuss all other issues, including the most complicated issues in international affairs and in our bilateral relations. Thus, we sincerely hope that your dialogue will be successful.

Thank you for inviting us.





The American Chamber of Commerce (AmCham) is the largest foreign business organization operating in Russia. Founded in 1994, AmCham advocates the trade and investment interests of nearly 800 member companies, which include major U.S. corporations, as well as large international and Russian companies. The Chamber advances commercial relations between the Russian Federation and the international community by promoting an investment-friendly environment. In so doing, the Chamber maintains a constant dialogue with the Russian government to protect and promote the economic interests of member companies.

AmCham welcomes membership applications from American, Russian, and international firms.

To find out how to join, please contact Ksenya Forsheneva at +7 (495) 961-2141, or kforsheneva@amcham.ru.