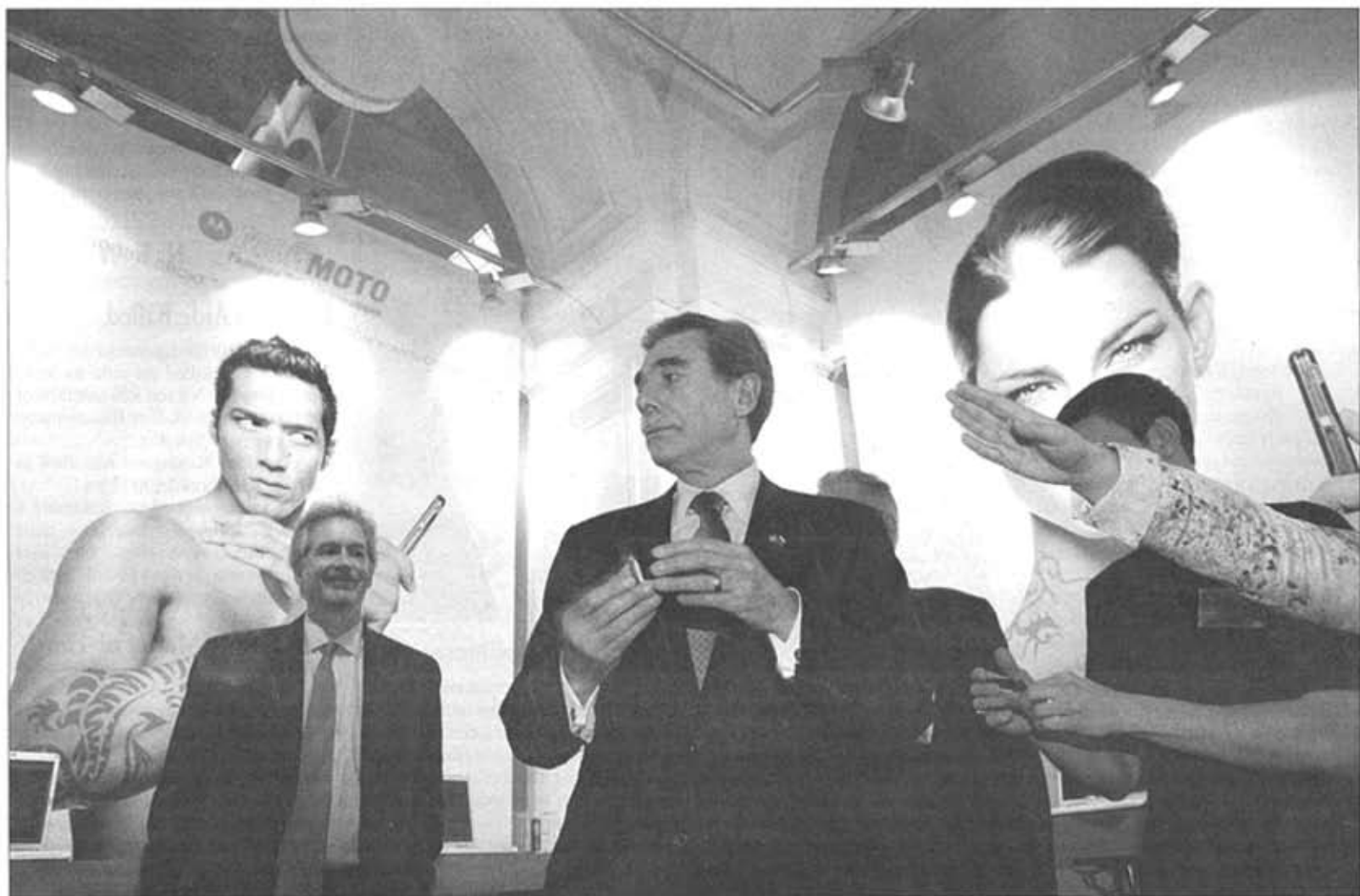


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U.S. Commerce Secretary Gutierrez visiting a Motorola shop with Ambassador Burns, left, after speaking at the Higher School of Economics on Monday.

## U.S. Commerce Secretary Downplays Tensions

By Anna Smolchenko  
STAFF WRITER

U.S. Commerce Secretary Carlos Gutierrez painted a rosy picture of U.S.-Russian ties during a meeting with economics students on Monday and said post-Soviet reforms had prepared Russia to join the World Trade Organization.

Gutierrez's upbeat remarks, made at the start of a three-day visit that will include talks with Economic Development and Trade Minister German

Gref, surprised some students, who had expected to hear criticism amid growing tensions between the United States and Russia.

Washington has accused Moscow of backsliding on democracy, and Moscow has criticized U.S. foreign policy as unilateral, among other things. Both sides have denied, though, that the friction means a return to the Cold War.

Gutierrez downplayed the tensions, saying people should instead look at the numbers, including \$25 billion in

annual turnover between the countries.

"The only thing people read once in a while is that we have a disagreement," he said during a 40-minute question-and-answer session at the Higher School of Economics.

Even "family members have disagreement," he said.

Most questions posed by the students, who spoke in fluent English, focused on sticking points such as Russia's accession to the WTO, the Jackson-Vanik amendment and obstacles to U.S. investment in Russia.

Journalists were not allowed to ask questions.

"Yes, Russia is ready for the WTO. What Russia has achieved in 17 years, many countries have not achieved in 50 years," Gutierrez said. "We have a tremendous future economically."

He noted, however, that the two countries were "still coming to an agreement on intellectual property rights."

He said he did not know when the Jackson-Vanik amendment, a Soviet-era

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trade restriction, would be lifted because it was up to Congress to decide that.

Asked about the problems that U.S. companies face in Russia, Gutierrez — in an apparent reference to Boeing — said an aerospace company with a Russian research and development center had an “opportunity to create new products” and sell them to third countries. Russia’s attention has been shifting in favor of Boeing’s European rival, EADS.

Later Monday, Gutierrez met with Natural Resources Minister Yury Trutnev to discuss changes to the subsoil law and cooperation in the timber industry. Trutnev told Gutierrez that Russia had introduced a new amendment to the law that would forbid the resale of strategic deposits to foreign investors, the ministry said. The amendment is now being discussed by the government.

The U.S. Department of Commerce said in a statement last week that Gutierrez’s visit would focus on opportunities for U.S. exporters to sell to the state-owned sector, “which has grown under the Putin administration” and on Russian legislation setting “strict” limits on foreign investment in strategic industries such as energy, aerospace and transportation.

Gutierrez leaves on Wednesday for a two-day visit to Kiev. He will be the first U.S. commerce secretary to visit Ukraine since the country gained independence in 1991.

Also Monday, Gutierrez and U.S. Ambassador William Burns offered some encouragement to Motorola, a U.S. company that has had trouble with Russian customs officials, by posing for photographs at Motorola’s shop in the GUM department store.

A PricewaterhouseCoopers spokeswoman said she did not know whether Gutierrez would meet company executives. PwC’s Russian license could be under threat after the Moscow Arbitration Court ruled recently that the auditor had concealed financial irregularities at Yukos.

At the Higher School of Economics, Gutierrez said Russians would see more



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**Gutierrez holding up a cell phone accessory with the U.S. and Russian flags.**

U.S. brands and companies arriving soon because Americans felt Russia was a good place to invest. “In the majority of cases, the only obstacle is getting in,” he said.

The commerce secretary expressed dissatisfaction that Russia, with a \$1 trillion economy, was only the United States’ 33rd-largest trading partner.

“My total disappointment is that we can do more, we can trade more, we can invest more, and that’s good for everybody,” he said.

U.S. companies and their overseas subsidiaries invested more than \$11 billion in Russia last year, about twice as much in 2004, according to the U.S. Commerce Department. Russians have just started investing in the United States, spending \$3 billion so far, Gutierrez said.

Gutierrez, who last visited in 2005, set a “fine example of how to give both frank and very polite answers,” Higher School of Economics rector Yaroslav Kuzminov told the students after the session.

Gutierrez encouraged the young

people to become government officials, saying that for him it was more exciting to work as a commerce secretary than to run a \$10 billion company. He previously headed Kellogg, the cereal giant.

“If you can serve your country, I’d say do it,” he said.

Students said they enjoyed the session despite having to wait 90 minutes in a cramped hall for Gutierrez to arrive.

Yevgenia Ryazantseva, a first-year student at the school, said she liked what she had heard about U.S.-Russian relations. “Frankly, I thought everything was much worse,” she said.

Gutierrez was flanked by Burns, the U.S. ambassador, and three other people as he spoke to the students. He was offered Coca-Cola Light, while the others drank Aqua Minerale.

While his choice of drink could not immediately be explained, Deborah Guido-O’Grady, director for academic exchange programs at the U.S. Embassy, suggested that Gutierrez needed some caffeine because he had just arrived in Moscow. “But he likes Pepsi, too,” she added.