

Dramatic Changes Required in How Business Conducted with Russia

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Despite important gains in business with Russia in recent years, American companies are experiencing a severe shortfall there relative to other foreign markets. While trade turnover has made some small increases in recent years to around \$12 billion, and foreign direct investment to around \$20 billion, America's trade and investment with EU, Canada, Mexico, China, and even smaller developing countries, is significantly higher. Russia doesn't begin to stack up. It's hard to understand, actually, how such a large country with a vital strategic importance to U.S. national interests, with a means of fulfilling key American economic needs, is so marginal and even economically insignificant. Especially so in an interdependent economy, and one in which to grow, American companies are in dire need of opening new markets and selling our products abroad. Not to mention our need to make a dent in our burgeoning trade deficit. Russia could provide a perfect growth arena and outlet for American products and services, from consumer to high-tech goods, electronics, medical supplies and pharmaceuticals, and much more.

While historical reasons for this have to do with the legacy of the Cold War, both countries bear responsibilities to open up opportunities for their economies. Unless dramatic and resolute changes are made by both sides, trade will hobble along, crippled and stunted by factors no one wants to take time to change. Future vision is required and concrete actions and measures must be undertaken to change this state of affairs.

Russia for sure needs to continue to improve its investment climate and make it more user friendly for foreigners, and more predictable for capital investment. We all know the problems and concerns will. But we can't change Russia, they have to change themselves.

We can make changes from our side to benefit our companies. Reforming the present visa regime is at the top of the list. Why? Presently it is too cumbersome and complicated for parties to easily conduct commercial travel. It's an instant world we live in, and companies on both sides are stunted by long lead times needed to plan for complicated visa applications and processing uncertainties, delays and bureaucratic obstacles. (short of the lucky few holding multiple entry visas). The inability to travel easily and freely means that American companies are losing out in a budding marketplace, which if more user friendly, would become more inviting. Russians are also tired of their second-class status as a non visa waiver country, and want the same status as any EU or friendly country to the U.S.

Changing the current visa system is one thing Americans can control and change. Our need to stay competitive in the global economy means that Government must facilitate not hinder industry, tourism, commerce, academic and scientific changes. While Government must guarantee the security of the nation and its citizens through sophisticated means of efficient security procedures including individual identification, screening, tracking, all of which can and should be done through enhanced passport control. The current visa system with Russia, a byproduct of the Cold War and desire to control communism, is an outmoded quota system and actually a form of punishment, to exercise a higher degree of control and screening over an enemy state (the Soviet Union). But the former enemy is now an ally in the fight against terror, yet the same treatment in the diplomatic arena remains. Particularly when the system hurts American industry and its ability to compete effectively in a tough global economy, it's time to make dramatic changes. Let's make the dramatic changes to improve the bilateral U.S.-Russian commercial relationship, starting with visa reform. □