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Biden Shows 'Reset' Good for Business

By Howard Amos

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Foreign Minister Sergei Lavrov greeting Biden, center, as Medvedev looks on at the Gorki presidential residence. **Dmitry Astakhov**

U.S. Vice President Joe Biden met with President Dmitry Medvedev on Wednesday at the start of his official visit to Russia and oversaw the signing of a deal between U.S. aviation giant Boeing and national carrier Aeroflot worth more than $2 billion.

With a stop-off in Finland under his belt and one in Moldova yet to come, Biden hit the Moscow ground running, expressing support for Russia's entry into the World Trade Organization and Medvedev's modernization drive, as part of the much touted "reset" of U.S.-Russian relations amid speculation that the coming elections in both countries might slow the rate of the thaw.

"The sphere in which I hope to focus," Biden said in an interview published Wednesday by Rossiiskaya Gazeta, "is that of our economic links."

Medvedev confirmed the commercial significance of the visit after the two leaders met. "It

seems to me that our economic relations significantly lag behind political progress," the president said.

The United States accounted for just 3.8 percent of Russia's external trade last year.

With Biden and First Deputy Prime Minister Igor Shuvalov watching, Boeing signed a contract with Aeroflot to deliver eight 777 airliners: six Boeing 777 300ERs and two Boeing 777-200ERs.

According to the price list on Boeing's web site, the planes will cost Aeroflot about $2.1 billion. An industry source said, however, that Aeroflot got the aircraft at a 20 percent discount, Interfax reported.

According to the terms of the deal originally announced in December 2010, Aeroflot intends to purchase another eight Boeing 777s, for a total of 16. Deliveries will begin in 2012 and continue through 2017, enhancing the fleet in time for the 2014 Winter Olympics and the 2018 FIFA World Cup.

In a visit to the Skolkovo Center in the suburbs of Moscow — which aspires to emulate the success of California's Silicon Valley visited by Medvedev in June 2010 — Biden blessed the Russian president's modernization mission.

"We fully support Medvedev's vision of a nation powered by innovation and modernization," Biden said at a round table that included 18 Russian and U.S. executives, Shuvalov and Rusnano head Anatoly Chubais.

The vice president added that the Obama administration strongly backs the repeal of the 1974 Jackson-Vanik amendment, which restricts trade with Russia.

Klaus Kleinfeld, chairman and CEO of Alcoa Inc., one of the executives present, told The Moscow Times that the discussions focused on three areas: innovation and growth, management culture and the investment climate.

Biden "can listen very well," he said, and "can plainly speak out ... in-easy-to understand language."

The vice president also expressed strong support for Russia's 18-year effort to join the World Trade Organization.

"If the Russian government shows the same decisiveness and purposefulness as in the discussions with us, then I do not doubt that they will achieve entry to the WTO on schedule," Biden told Rossiiskaya Gazeta. "But for this, it will be necessary to work."

Medvedev said he wanted to see accession in 2011. "The absence of Russia in the WTO is a hindrance ... and I hope that this year, with the active support of the United States, these processes will be completed," he said.

Biden said the United States was working with other countries to smooth Russia's path to the WTO.

In a further sign of cooperation, the Kremlin announced on Wednesday that Medvedev had approved an agreement to let U.S. weapons and troops bound for Afghanistan fly over Russia, Bloomberg reported.

But Biden also expressed concern about corruption and judicial impartiality in Russia. "Investors are looking for assurances that the legal system treats them fairly and acts on their concerns swiftly," he said, The Associated Press reported.

Washington's high expectations for Russia, compared with China or India, are not a result of lingering Cold War sentiments, Biden said, Bloomberg reported. "Maybe sometimes we do expect too much progress too quickly," he said. "But the expectation is born out of admiration and respect, not out of disrespect."

On Thursday, Biden will meet with Prime Minister Vladimir Putin and hold talks with citizen groups and opposition party leaders.

Although this is Biden's first trip to Russia since he became vice president in 2009, he visited the country several times as a senator. He has, on occasions, been forthright in his criticism.

Biden described Georgia's 2008 war with Russia as a "question of whether and how the West will stand up for the rights of free people."

In a 2009 interview with The Wall Street Journal, Biden said Russia had a "withering" economy and was struggling to come to terms with its loss of international status. As an explanation for the "reset" in relations, he quoted his father: "Never put a man in a corner where the only way out is over you."

Biden is accompanied on this trip by his wife, Jill — who is a zealous ice hockey fan — and his granddaughter, Finnegan, who were scheduled to spend Wednesday evening at the Bolshoi Theater.

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