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McFaul to Focus on Economic Ties

By Jonathan Earle

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U.S. Ambassador Michael McFaul speaking with a Moscow Times reporter at the embassy on Wednesday. **Igor Tabakov**

"I got a little bit of sleep, but I was up pretty early," U.S. Ambassador Michael McFaul said Wednesday afternoon, shortly after his boss, President Barack Obama, declared election victory.

Fatigue at first appeared to blunt his characteristic cheerfulness, but as the conversation turned to what Obama's second term could mean for U.S.-Russian relations, McFaul brightened, and the flow of facts and ideas came quickly.

"The basic strategy will not change," he said of the Obama administration's "reset" policy of engagement with Russia, which he is credited with crafting.

Economic ties will be the embassy's priority, he told The Moscow Times in an exclusive interview.

The Obama administration hopes to build on gains from the first term, which included the New START nuclear arms reduction treaty, bilateral agreements on visas and adoptions, and Russia's accession to the World Trade Organization, a long-sought victory that McFaul describes as a hard act to follow.

"The next phase is not that clear-cut," he said. "It has to do with a hundred little small things, and it's hard to keep our governments focused on a hundred small things."

Although McFaul calls himself an optimist, he also appears chastened by his first 11 months on the job, which saw him denounced on state-controlled television as fomenting revolutionary sentiment and hounded by pro-Kremlin activists.

He didn't volunteer any plans for promoting human rights or democracy, a sore spot for the Kremlin. Instead, he focused on encouraging trade, which he said would also help stabilize the political relationship.

"The president believes it helps create ballast in the relationship. So if you have more going on there, that helps us when there are rocky waters in other areas," he said.

McFaul said he hoped that the United States and Russia could, over the next six to nine months, commit to a WTO-style road map for strengthening bilateral economic ties.

Making sure that Russia enforces WTO obligations will be key, as will encouraging new U.S. investors, he said.

"Those doing business in Russia are already fairly satisfied. ... But there's another 98 percent of American businesses that don't come here, don't know anything, have stereotypes about what the climate is here. We've gotta reach those folks," he said.

Another priority will be granting Russia permanent normal trade relations, and a "very aggressive" campaign is under way to convince Congress to repeal the Jackson-Vanik trade restriction provision that has impeded them for decades, he said.

McFaul criticized what he saw as a "structural campaign" against interactions with foreigners, including a new law that labels some non-governmental organizations that accept foreign grants as "foreign agents."

Anti-foreign rhetoric, and particularly anti-Western rhetoric, is counterproductive to U.S-Russian relations as well as the Russian government's stated goals of modernization and increased economic ties, he said.

"You can't have a real Silicon Valley if you're afraid to interact with foreigners," he said.

Russia is the United States' 20th-largest trading partner, and bilateral trade reached $42.9 billion last year, according to U.S. government statistics.

During the U.S. campaign, Republican challenger Mitt Romney accused Obama of being soft on Russia, which Romney once described as the United States' "No. 1 geopolitical foe," but McFaul dismissed Romney's tough talk on Russia as an old trick in the political playbook.

"There's no electoral cost to being tough on Russia in American campaigns," he said. "There's no pro-Russia electorate, but there is an anti-Russian electorate ... ethnic communities that left during very bad times, in terms of Soviet occupation of their countries," he said.

McFaul touted military cooperation between Russia and the United States, particularly a deal that allows NATO to transport nonlethal goods to and from Afghanistan through Russian territory. He described the military-to-military relationship as "steady, well planned-out and disciplined."

The United States will push forward with plans for a missile defense shield, including installations in Europe, which have aroused the Kremlin's ire, but McFaul said he was an optimist that physics would prevail over what he characterized as blustery rhetoric.

"I think the actual conversation about this, not the public posturing ... has been more pragmatic, has been more in line with reality," he said, adding that the planned system was not designed to counter Russia's missile capability.

Also, Obama would like to have a "serious conversation" with President Vladimir Putin about a further round of reductions in nuclear weapons to build on the New START treaty, signed in 2010, McFaul said, describing the existing treaty as "modest."

Asked whether he was surprised by the ouster of Defense Minister Anatoly Serdyukov on Tuesday, McFaul said, "I've stopped trying to be surprised or not in Russia. I react to what comes."

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