

Ambassador Remarks
American Chamber of Commerce Luncheon
Hyatt Conference Center
Monday, March 13, 2015, 1230

Thank you, Ilgar, for that very kind introduction.

And thank you for having me here today. It is a great pleasure to be here.

Having arrived in Baku just over a month ago, I have been meeting with government officials, business figures, academics, religious leaders, IDPs, and others from civil society to hear about the different facets of today's Azerbaijan, to hear about their successes and challenges, and to get an understanding for how they see their country's future and what they want from Azerbaijan's relationship with the United States.

In this first month, one thing I have learned is that I will need many more months of listening and engaging before I can hope to consider myself really knowledgeable on Azerbaijan. It is no easier to get a strong sense of what make Azerbaijan and Azerbaijanis tick in one month than it is to try and figure out Americans and the United States in 30 days' time.

So in that sense, I hope you see my remarks here today as part of an on-going dialogue, a continuing process of both Americans and Azerbaijanis working to engage more fully and effectively.

I decided to give my first major address in Azerbaijan to the American Chamber of Commerce in Azerbaijan for two important reasons.

First, I have had the privilege of working with American chambers of commerce around the world, including in Tokyo and Berlin, two of the largest, and I see these groups as key bodies of expertise for promoting global economic development.

AmChams have the ability to bring together different – and let's be blunt – competing voices and to tell governments and the public what works for business, and what doesn't work in terms of building a country's prosperity.

That is a kind of expertise that no government can hope to have “in house” but which state and local governments in the United States, as well as Congress, the White House, and Federal agencies find useful in addressing issues such as job creation, economic growth, and the development of new economic sectors and activities. I remember well the “door-knocks” on members of the Japanese Diet and the U.S. Congress by members of the American Chamber of Commerce in Japan as well as the engagement by the AmCham in Germany on issues facing the Schroeder and Merkel governments during my time there. I can say as well that the American Chamber in Brussels also provides input to the EU just as the chambers in China do to various authorities there.

In that connection, I can say that in the few weeks I have been in Azerbaijan, government officials have asked me when the next AmCham white paper is coming out. That tells me that this AmCham and its work here is valued as well.

The second reason I wanted to speak with business people is because I see so much potential for deepening economic ties between Azerbaijan and the United States, and frankly, between Azerbaijan and the rest of the world. And from my initial discussions with Azerbaijani officials, including at the top levels, so do they.

In the United States, we believe strongly in the power of the individual to be creative, to be able to compete effectively within a fair environment, characterized, for example, by the rule of law, to bring about positive change, to provide ideas, goods, and services consumers want, and boost public prosperity and well-being.

So today, I want to talk to you about the importance of unleashing the power of the private sector to create jobs, wealth and prosperity. Then I want to talk to you about how the U.S. government supports this drive in Azerbaijan through our assistance and diplomatic engagement with individuals and industry – and how I’m looking to you for help.

Let me start, though, by putting this into the context of our bilateral relationship. The United States wants a strong, positive relationship with Azerbaijan. To formulate, to realize such a relationship, we think it essential to engage in three interconnected sectors: security, energy and the economy, and strengthening the rule of law and democracy.

As with a triangle, no one side or angle is more or less important than the other. All are essential. You can't have sustainable economic prosperity without security and fundamental freedoms. And you can't have security without broadly shared prosperity and public well-being.

So let's talk about the power of private industry.

As business leaders, you know that jobs are created by both established firms and new start-ups. As established firms compete and grow stronger they create jobs. Those companies that fail to innovate or adapt to changing circumstances and technology fail.

When I was a kid, Polaroid was a revolutionary company with a new technology. My father used a Polaroid to take pictures of electric motors he was interested in buying for his company – he was a dealer in large electrical motors used in factories and other industrial applications. I also had a Polaroid that I used on trips or taking pictures of friends. Today, all that has been surpassed by digital photography.

On the other hand, technology companies like Apple and IBM have successfully innovated and adapted over the years by cultivating their people, investing in research and development, and finding new niches for their products and services.

President Obama, when launching his strategy for American innovation, said, "None of us can predict with certainty what the next big industry will be or where the new jobs will come from. Thirty years ago, we couldn't know that something called the Internet would lead to an economic revolution. What we can do – what America does better than anyone else – is spark the creativity and imagination of our people."

In America, household names that didn't exist just a few years ago like Facebook, Twitter, or NetFlix were born from this creativity and imagination. They were also the product of hard work and perseverance.

Recently as well, U.S. innovations in shale gas and tight oil have revolutionized the energy industry. Rather than talking about “peak oil,” through the new application of proven techniques, in particular directional drilling and hydraulic fracturing, the United States has been increasing oil production by one million barrels per day for each year for a number of years now. U.S. shale production is now considered the oil industry’s “swing producer” with the ability to bring oil and gas resources back on the market quickly given the right price signals. Similarly, rather than importing millions of bcm of natural gas, as had been forecast 10 – 15 years ago, the United States has seen a remarkable boost in natural gas production with the result that there is growing interest worldwide in the use of gas as well as the reality we will be a net exporter of natural gas in the near future.

Our ingrained belief in the power of the individual and private industry drives our engagement with Azerbaijan as well.

The most obvious examples are our assistance programs like the U.S. Agency for International Development’s, the U.S. Overseas Private Investment Corporation’s loan guarantees to support small and medium-sized enterprise lending, and our support for international financial institutions' infrastructure spending like the Asian Development Bank’s rural road construction projects.

But our engagement fostering these ideals extends beyond the direct financial support. We work with local universities to foster educational exchanges and we recruit local businesses for internship training programs to share best practices.

On the diplomatic front, we have worked with Azerbaijan to help it accede to the World Trade Organization. I understand the bilateral negotiation session last week was constructive. Joining the WTO will give Azerbaijan a seat at the table in the organization that regulates 95% of international trade at a time when it is seeking to expand non-oil export industries.

We are working with Azerbaijan as a partner in the Extractive Industries Transparency Initiative. Azerbaijan’s participation in the Initiative since its start has sent a clear, positive signal to foreign investors. Given the tough global competition for capital, participation in EITI can help provide an edge; it is a sign which countries are the better place to put your money.

We're negotiating an Open Skies air transport agreement to facilitate tourism and trade. We're combating tax fraud together. We're helping Azerbaijan's budding satellite industry understand the dynamics of that global market and how to compete in what is another tough field.

Each of these areas of engagement will help us build stronger ties. I see great potential here and I want to do more. And so I am going to call on each of you to help me, help Azerbaijan, and help the United States of America to forge a stronger and more durable relationship.

Because you are the innovators. You are the entrepreneurs. You are leaders who understand the power of people, of creativity, of adaptation, and growth. You understand the need for an open, creative environment that allows an individual to dream and to act. And you are the ones who, by creating or running successful enterprises create the jobs - particularly for young Azerbaijanis - that will expand opportunity and ensure broadly shared prosperity in the years to come.

Thank you and I look forward to your questions and to having a dialogue.