

UNITED STATES-VIETNAM TRADE RELATIONS

HEARING
BEFORE THE
SUBCOMMITTEE ON TRADE
OF THE
COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES
ONE HUNDRED SIXTH CONGRESS
SECOND SESSION

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JUNE 15, 2000
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UNITED STATES-VIETNAM TRADE RELATIONS

THURSDAY, JUNE 15, 2000

COMMITTEE ON WAYS AND MEANS,
HOUSE OF REPRESENTATIVES,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:15 a.m., in room 1100, Longworth House Office Building, Hon. Philip M. Crane (Chairman of the Committee) presiding.

[The advisory announcing the hearing follows:]

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON TRADE

FOR IMMEDIATE RELEASE

Contact: (202) 225-1721

May 30, 2000

No. TR-21

Crane Announces Hearing on United States-Vietnam Trade Relations

Congressman Philip M. Crane (R-IL), Chairman, Subcommittee on Trade of the Committee on Ways and Means, today announced that the Subcommittee will hold a hearing on United States-Vietnam Trade Relations, including the renewal of Vietnam's waiver under the Jackson-Vanik amendment to the Trade Act of 1974 (Trade Act). **The hearing will take place on Thursday, June 15, 2000, in the main Committee hearing room, 1100 Longworth House Office Building, beginning at 10:00 a.m.**

Oral testimony at this hearing will be from both invited and public witnesses. Invited witnesses will include the Honorable Douglas "Pete" Peterson, U.S. Ambassador to Vietnam. Also, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Committee or for inclusion in the printed record of the hearing.

BACKGROUND:

Vietnam's trade status is subject to the Jackson-Vanik amendment to Title IV of the Trade Act of 1974. This provision of law governs the extension of normal trade relations (NTR), including normal tariff treatment, as well as access to U.S. Government credits, or credit or investment guarantees, to nonmarket economy countries ineligible for NTR treatment as of the enactment of the Trade Act. A country subject to the provision may gain NTR treatment and coverage by U.S. trade financing programs only by complying with the freedom of emigration provisions under the Trade Act. The extension of NTR tariff treatment also requires the conclusion and approval by Congress of a bilateral commercial agreement with the United States providing for reciprocal nondiscriminatory treatment. The Trade Act authorizes the President to waive the requirements for full compliance with respect to a particular country if he determines that a waiver will substantially promote the freedom of emigration provisions, and if he has received assurances that the emigration practices of the country will lead substantially to the achievement of those objectives.

Since the early 1990s, the United States has taken gradual steps to improve relations with Vietnam. In February 1994, President Clinton lifted the trade embargo on Vietnam in recognition of the progress made in POW/MIA accounting. The United States opened a Liaison Office in Hanoi later that year. On July 11, 1995, President Clinton announced the establishment of diplomatic relations, which was followed by the appointment of former Congressman Douglas "Pete" Peterson as U.S. Ambassador to Vietnam. In 1997, the Office of the United States Trade Representative began negotiations toward the conclusion of a bilateral commercial agreement with Vietnam. An agreement in principle was reached with Vietnam on July 25, 1999. The trade agreement, while not yet signed, consists of four parts: market access, trade in services, intellectual property rights protection, and investment.

Because the bilateral trade agreement with Vietnam has not yet entered into force, Vietnam is ineligible to receive NTR tariff treatment. However, if the Presi-

dent determines that a Jackson-Vanik waiver would substantially promote the freedom of emigration objectives under the Trade Act, U.S. exporters doing business in Vietnam are given access to U.S. Government credits, or credit or investment guarantees, such as those available from the Overseas Private Investment Corporation, the Export-Import Bank, and the U.S. Department of Agriculture, provided that Vietnam meets the relevant program criteria.

On March 9, 1998, the President first determined that a Jackson-Vanik waiver for Vietnam would substantially promote the freedom of emigration objectives under the Trade Act. On April 7, 1998, the President issued Executive Order 13079, under which the waiver entered into force. The renewal procedure under the Trade Act requires the President to submit to Congress a recommendation for a 12-month extension no later than 30 days prior to the waiver's expiration. On June 3, 1998, the President renewed Vietnam's waiver for the next 12-month period. On June 3, 1999, the President issued another 12-month waiver. The President is expected to issue a waiver for the next 12-month period by June 3, 2000. Once renewed, the new waiver authority will continue in effect unless disapproved by Congress within 60 calendar days after the expiration of the existing waiver. Disapproval, should it occur, would take the form of a joint resolution disapproving of the President's waiver determination. In the first session of the 106th Congress, a resolution of disapproval, H.J. Res. 58, was considered and failed by a vote of 130 to 297.

In 1999, two-way trade between the United States and Vietnam was valued at \$900 million. U.S. exports to Vietnam last year totaled \$291 million, and U.S. imports from Vietnam equaled \$609 million. Top U.S. exports included machinery and transportation equipment, and chemicals and related products. Top U.S. imports from Vietnam in 1999 included food and live animals, and miscellaneous manufactured articles.

In announcing the hearing, Chairman Crane stated: "This hearing will provide the Subcommittee with an opportunity to review Vietnam's Jackson-Vanik waiver and emigration policies. It is also an occasion to assess the progress that has been made on accounting for our soldiers missing in action.

In addition, I look forward to this chance to review the status of the pending bilateral trade agreement, which must be signed and approved by Congress before NTR can be extended to Vietnam."

FOCUS OF THE HEARING:

The focus of the hearing will be to evaluate U.S. trade relations with Vietnam and to consider the renewal of Vietnam's waiver under the Jackson-Vanik amendment to the Trade Act. The Subcommittee is interested in receiving testimony about Vietnam's emigration policies and practices and on the potential impact on Vietnam and the United States of a termination of Vietnam's waiver. Witnesses are also encouraged to address the nature and extent of U.S. trade and investment ties with Vietnam, as well as issues related to the pending bilateral trade agreement with Vietnam.

DETAILS FOR SUBMISSIONS OF REQUESTS TO BE HEARD:

Requests to be heard at the hearing must be made by telephone to Traci Altman or Pete Davila at (202) 225-1721 no later than the close of business, Thursday, June 8, 2000. The telephone request should be followed by a formal written request to A.L. Singleton, Chief of Staff, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. The staff of the Subcommittee on Trade will notify by telephone those scheduled to appear as soon as possible after the filing deadline. Any questions concerning a scheduled appearance should be directed to the Subcommittee on Trade staff at (202) 225-6649.

In view of the limited time available to hear witnesses, the Subcommittee may not be able to accommodate all requests to be heard. Those persons and organizations not scheduled for an oral appearance are encouraged to submit written statements for the record of the hearing. All persons requesting to be heard,

whether they are scheduled for oral testimony or not, will be notified as soon as possible after the filing deadline.

Witnesses scheduled to present oral testimony are required to summarize briefly their written statements in no more than five minutes. **THE FIVE-MINUTE RULE WILL BE STRICTLY ENFORCED. The full written statement of each witness will be included in the printed record, in accordance with House Rules.**

In order to assure the most productive use of the limited amount of time available to question witnesses, all witnesses scheduled to appear before the Subcommittee are required to submit 200 copies, along with an *IBM compatible 3.5-inch diskette in WordPerfect or MS Word format*, of their prepared statement for review by Members prior to the hearing. **Testimony should arrive at the Subcommittee on Trade office, room 1104 Longworth House Office Building, no later than Tuesday, June 13, 2000.** Failure to do so may result in the witness being denied the opportunity to testify in person.

WRITTEN STATEMENTS IN LIEU OF PERSONAL APPEARANCE:

Any person or organization wishing to submit a written statement for the printed record of the hearing should *submit six (6) single-spaced copies of their statement, along with an IBM compatible 3.5-inch diskette in WordPerfect or MS Word format, with their name, address, and hearing date noted on a label*, by the close of business, Friday, June 23, 2000 to A.L. Singleton, Chief of Staff, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. If those filing written statements wish to have their statements distributed to the press and interested public at the hearing, they may deliver 200 additional copies for this purpose to the Subcommittee on Trade office, room 1104 Longworth House Office Building, by close of business the day before the hearing.

FORMATTING REQUIREMENTS:

Each statement presented for printing to the Committee by a witness, any written statement or exhibit submitted for the printed record or any written comments in response to a request for written comments must conform to the guidelines listed below. Any statement or exhibit not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All statements and any accompanying exhibits for printing must be submitted on an IBM compatible 3.5-inch diskette in WordPerfect 5.1 format, typed in single space and may not exceed a total of 10 pages including attachments. **Witnesses are advised that the Committee will rely on electronic submissions for printing the official hearing record.**

2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.

3. A witness appearing at a public hearing, or submitting a statement for the record of a public hearing, or submitting written comments in response to a published request for comments by the Committee, must include on his statement or submission a list of all clients, persons, or organizations on whose behalf the witness appears.

4. A supplemental sheet must accompany each statement listing the name, company, address, telephone and fax numbers where the witness or the designated representative may be reached. This supplemental sheet will not be included in the printed record.

The above restrictions and limitations apply only to material being submitted for printing. Statements and exhibits or supplementary material submitted solely for distribution to the Members, the press, and the public during the course of a public hearing may be submitted in other forms.

Note: All Committee advisories and news releases are available on the World Wide Web at "<http://waysandmeans.house.gov>".

The Committee seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202-225-1721 or 202-226-

3411 TTD/TTY in advance of the event (four business days notice is requested). Questions with regard to special accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

Chairman CRANE. The hearing will come to order.

Mr. Rohrabacher, we will reserve our opening statements until later so that we can take your testimony and then go vote.

With that, Dana, I ask you to try to keep it confined, your oral testimony, to about 5 minutes; and any written testimony will be a part of the permanent record.

[The opening statements of Chairman Crane and Mr. Ramstad follow:]

Statement of Hon. Philip M. Crane, a Representative in Congress from the State of Illinois

Good Morning. Welcome to this hearing of the Trade Subcommittee on U.S.-Vietnam trade relations. Today we meet to examine the 2000 Jackson-Vanik waiver for Vietnam and pending legislation by Rep. Rohrabacher—H.J. Res. 99—to disapprove this waiver.

Since the early 1990's, the United States has taken gradual steps to normalize our relationship with Vietnam. However, this process has been contingent upon Vietnam's total cooperation with the United States in making the fullest possible accounting for our missing servicemen and women.

In 1998, the President issued the first waiver for Vietnam from the freedom of emigration criteria in the Jackson-Vanik amendment to the Trade Act of 1974. As many of you know, the Jackson-Vanik amendment governs U.S. trade relations with nonmarket economy countries, including the extension of normal trade relations (NTR). Earlier this month, the President issued the annual waiver for the next 12 months because he has determined that such a waiver will substantially promote freedom of emigration in Vietnam.

Vietnam is not yet eligible for NTR trade status because Vietnam and the United States have not yet signed a bilateral trade agreement, which would also have to be approved by Congress. Thus, the practical effect of the Jackson-Vanik waiver has been to enable U.S. government agencies such as the Overseas Private Investment Corporation, the Export-Import Bank, and the U.S. Department of Agriculture to provide financing to Americans interested in doing business in Vietnam—provided that Vietnam meet the relevant program criteria. This is a necessary first step on the way to full normal trade relations with Vietnam.

With respect to the bilateral trade agreement between the United States and Vietnam, the United States Trade Representative announced in July 1999 that it had reached an "agreement in principle" with Vietnam. The agreement is reportedly comprehensive in scope and generally covers market access, trade in services, intellectual property and investment. I look forward to the formal signing of the agreement and hope that it can be submitted to Congress for consideration in the near future.

I believe this agreement would provide U.S. firms and workers with access to the Vietnamese market, which is the 12th most populous in the world. Such market access also would give the United States the opportunity to be a positive force for change in a country in transition and where over half of the population is under the age of 25. If the agreement is signed and approved by Congress, Vietnam would be eligible for NTR treatment.

I look forward to our witnesses' testimony today on a broad range of bilateral issues and policy objectives in U.S. relations with Vietnam. I now recognize Mr. Levin, the Ranking Member of the Subcommittee, for his opening statement. [statement]

We have a full schedule today and in the interest of time, I ask our witnesses to limit their oral testimony to five minutes each. We will include your longer written statements in the hearing record. Our first witness is our colleague, Congressman Dana Rohrabacher of California.

Statement of Hon. Jim Ramstad, a Representative in Congress from the State of Minnesota

Mr. Chairman, thank you for calling today's hearing to discuss U.S.-Vietnam Trade Relations.

I am pleased that we are once again reviewing the progress being made in Vietnam on reform of the country's economy as it moves toward a more market-oriented approach. These policies of political and economic reintegration in the world must be encouraged.

Hopefully, as the Vietnamese Communist Party continues to relinquish some of its control over the economy to spur its growth, they will also see the benefits of political freedoms for the citizens. While there are signs of personal freedoms and considerable power at the local levels, there is significant need for greater democracy in Vietnam.

Two-way trade between the U.S. and Vietnam has greatly increased since 1994, reaching \$900 million in 1999. I am very pleased that Amb. Peterson, our former colleague and a true American hero as a former POW, is here today to update us on the status of our bilateral trade negotiations and the general economic and political situation in Vietnam today.

Knowing the crucial value of an engaged relationship between the US and Vietnam, I want to thank you again, Mr. Chairman, for calling this hearing. I look forward to hearing from all of today's witnesses about the importance and implication of U.S.-Vietnam trade relations.

STATEMENT OF HON. DANA ROHRABACHER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. ROHRABACHER. Mr. Chairman, it has been 2 years since President Clinton issued the first Jackson-Vanik waiver for Vietnam, allowing for taxpayer-funded subsidies and insurance for investment in that dictatorship. Each year we have been assured by the administration and by our ambassador to Hanoi that this action would lead to greater political openness and prosperity for the Vietnamese people and a better economic climate for American investors. Unfortunately, the exact opposite has happened.

As the Washington Post stated on May 3rd, "Vietnam remains a one-party state. Rampant corruption retards foreign investment, and the Communist party fears more openness to the outside world could bring in more political heterodoxy for which the party shows zero tolerance."

Human Rights Watch recently linked the ongoing persecution of dissidents and religious believers in Vietnam to pervasive economic and political corruption. There is no free press; all information is controlled by the state. Radio Free Asia broadcasts are routinely jammed.

A recent poll of international businessmen by Political and Economic Risk Consultancy Group, which is a respected Hong Kong-based research firm, rated Vietnam among the three worst legal systems in Asia; and that is saying a lot when you consider that includes Burma, China, Communist China, North Korea, and so forth. Official Vietnamese data shows that foreign investment has dropped by 75 percent during the past year, and the country's annual growth rate of around 4 percent has fallen to half of what it was when President Clinton normalized political and economic relations with Hanoi.

I fully agree with the Wall Street Journal's assessment that, "The biggest barrier to growth in Vietnam is, as it always has been, the Communist party itself. Until the party sees its way to limiting its own power, Vietnam will be saddled with widespread corruption and slow economic growth."

Another troubling development, based on numerous reports by western diplomats, is that Hanoi has sent large numbers of troops into Laos to defend the corrupt and repressive Pathet Lao regime from its internal opponents. Thus, we continue to subsidize investment in this dictatorship while they are engaged in military action in their neighbor's country. This military intervention to prop up a neighboring Communist regime will further deplete Vietnam's economy. But, also, it should say to the world, we should not be guaranteeing American investments in that country with taxpayers' dollars.

The repeated promises by Hanoi of economic reform have been no more credible than any past pledges. There is still not even the slightest hint of free and fair elections, and that repressive government is basically still looking to the United States and foreign investment through businesses to bail them out, and that is what we do when we grant this status. When we give them a Jackson-Vanik waiver, we permit American businessmen to go in with American dollars backed up by the U.S. taxpayers—to make investments in this dictatorship and bail them out of their bad policies.

As this panel is aware, the Jackson-Vanik provision primarily addresses the issue of freedom of emigration for people who have fear of prosecution and persecution in Vietnam. The Vietnamese Exit Permit system for immigration, including for long-time reeducation camp survivors, Amer-Asians, Montagnards and other people of interest to America, remains rife with corruption. Many Vietnamese on the U.S. migration list have not been able to come to the United States because they could not afford to pay the bribes that are necessary to get those papers, that paperwork done.

My joint resolution, disapproving the President's waiver for the corrupt Vietnamese dictatorship, does not intend to isolate Vietnam nor to stop U.S. companies from doing business there. It simply prevents Communist Vietnamese from enjoying a trade status that enables American businessmen to make increasingly risky investments with loan guarantees subsidized by the American taxpayer.

If private banks or insurance companies will not back up or ensure private business ventures in Vietnam, why should the American taxpayers be asked to guarantee those loans? Rampant corruption, mismanagement, as well as abuses in the emigration program, the lack of free trade unions, the suppression of free expression, and the persecution of dissidents and religious believers are valid reasons to oppose the Jackson-Vanik waiver for Vietnam.

Mr. Chairman, we do no favors to the Vietnamese people nor to American investors by once again reflexively supporting the President's unjust Jackson-Vanik waiver. I propose that we give the Communist dictators of Vietnam a strong message from the U.S. Congress that their corruption, mismanagement and repression will no longer be, at the very least, subsidized by the American taxpayers. By supporting my legislation, we can put the Vietnamese leaders on probation for a period of 1 year.

If they then enact reforms, which they have promised to do, and begin developing a truly credible judicial system, and they begin ending their corruption in the migration program and take their jack-boots, or you might say Ho Chi Minh sandals, off the face of the Vietnamese people, I personally will reconsider my support for this waiver next year. I am not holding my breath on that one.

The Vietnamese Communists have manipulated American generosity to further impoverish and repress their people. There is no reason in the world for us to provide taxpayer guarantees for the people who are investing in this increasingly risky venture, when there are democracies like the Philippines who would love to have those investments of those American companies go to their country instead of this dictatorship.

Thank you very much, Mr. Chairman. I would ask, for the record, to submit several of the articles that I have quoted about the situation in Vietnam.

Chairman CRANE. Without objection, so ordered. Thank you for your testimony.

[The prepared statement and an attachment follow:]

Statement of Hon. Dana Rohrabacher, a Representative in Congress from the State of California

Mr. Chairman:

It has been two years since President Clinton issued the first Jackson-Vanik waiver for Vietnam, allowing for taxpayer-funded subsidies and insurance for investments there. Each year we have been assured by the Administration and by our ambassador to Hanoi that this action would lead to greater political openness and prosperity for the Vietnamese people, and a better economic climate for American investors. Unfortunately, the exact opposite has happened.

As the *Washington Post* stated on May 3, "Vietnam remains a one party state... rampant corruption retards foreign investment and... the Communist Party fears more openness to the outside world could bring in more political heterodoxy—for which the party shows ZERO tolerance." And Human Rights Watch recently linked the ongoing persecution of dissidents and religious believers in Vietnam to pervasive economic and political corruption. There is no free press—all information is controlled by the state. Radio Free Asia broadcasts are routinely jammed.

A recent poll of international businessmen by Political and Economic Risk Consultancy Group, a respected Hong Kong-based research firm, rated Vietnam among the three worst legal systems in Asia. Official Vietnamese data shows that foreign investment dropped by 75% during the past year and the country's annual growth rate of around 4 percent has fallen to half of what it was when President Clinton normalized political and economic relations with Hanoi. I fully agree with the *Wall Street Journal's* assessment that, "The biggest barrier to growth in Vietnam is—as it always has been—the Communist Party itself. Until the party sees its way to limiting its own power, Vietnam will be saddled with widespread corruption and slow economic growth."

Another troubling development, based on numerous reports by Western diplomats, is that Hanoi has sent large numbers of troops into Laos to defend the corrupt and oppressive Pathet Lao regime from its internal opponents. This military intervention to prop up a neighboring communist regime will further deplete Vietnam's economy.

The repeated promises by Hanoi of economic reform, have been no more credible than any past pledges. There is still not even the slightest hint that free and fair elections will be conducted in Vietnam. In that repressive environment, it is hardly surprising that foreign investors and businesses are bailing out.

As this panel is aware, the Jackson-Vanik provision primarily addresses the issue of freedom of emigration for people who fear or have experienced persecution. The Vietnamese Exit Permit system for immigration—including for long time reeducation camp survivors, Amer-Asians, montagnards and other people of interest to America—remains rife with corruption. Many Vietnamese on the U.S. emigration list have not been able to come to the United States because they could not afford to pay the bribe price.

My joint resolution, disapproving the President's waiver for the corrupt Vietnamese dictatorship, does not intend to isolate Vietnam nor to stop U.S. companies from doing business there. It simply prevents Communist Vietnam from enjoying a trade status that enables American businessmen to make increasingly risky investments with loan guarantees and subsidies provided by U.S. taxpayers.

If private banks or insurance companies will not back-up or insure private business ventures in Vietnam, the American taxpayers should not be asked to do so. Rampant corruption, mismanagement, as well as abuses in the emigration program, the lack of free trade unions, the suppression of free expression and the persecution of dissidents and religious believers, are valid reasons to oppose the Jackson-Vanik waiver for Vietnam.

Mr. Chairman, we do no favors to the Vietnamese people or American investors by once again reflexively supporting the President's unjustified Jackson-Vanik waiver. I propose that we give the Communist dictators of Vietnam a strong message from the U.S. Congress that corruption, mismanagement and repression will no longer be, at the very least, subsidized by American taxpayers. By supporting my legislation, we can put the Vietnamese leaders on probation for the period of one year.

If they enact the reforms that they have promised, and begin developing a truly credible judicial system, end the corruption in the migration program and take their jack-boots—or Ho Chi Minh sandals—off of the faces of the Vietnamese people, I will then consider support for the waiver next year. But I won't hold my breath.

The Vietnamese Communists have manipulated American generosity to further impoverish and repress their people. I ask my colleagues to support my resolution.

Silenced Vietnam

THE COMMUNIST victory in Vietnam 25 years ago brought the usual Communist political brutality. Thousands of political "enemies" were killed; many more "boat people" died trying to flee by sea. Tens of thousands were herded into "reeducation" camps. Today Vietnam is attempting to rejoin the world economy, and the worst of the postwar human rights abuses have ended. The reeducation camps have been all but emptied. Many refugees have returned to visit.

Yet Vietnam remains a one-party state whose leaders seem hesitant about how far they want economic reform to go; rampant corruption retards foreign investment, and a key trade agreement with the United States remains in limbo pending Hanoi's approval. Apparently the Communist Party fears more openness toward the outside world could bring in more political heterodoxy—for which the party still shows zero tolerance. As a new report from Human Rights Watch, "Vietnam: Silencing of Dissent," documents, the brutality of the '70s and '80s has given way to a more legalistic but still repressive system under which independent religious, political and intellectual leaders are subjected to constant surveillance, periodic house arrest and arbitrary "administrative detention."

In honor of the victory 25 years ago, Hanoi

has announced an amnesty for some 12,000 of the country's 78,000 prisoners. But it's anyone's guess how many of those to be released are political prisoners, since no one can say for sure how many people are jailed for political reasons in Vietnam. The authorities have acknowledged that more than a hundred people are imprisoned for crimes against "national security." Human Rights Watch was able to identify by name 22 political prisoners, as well as 26 Roman Catholics, Buddhists and Protestants, who are doing time for practicing their beliefs.

The human rights issue in Vietnam is closely connected to the issue of corruption, which is rarely dealt with through transparent judicial procedures. Indeed, corruption charges are sometimes used as a pretext for expelling reform-minded party members. As for the press, it is completely state controlled. Tran Do, a Communist Party member for 58 years, was expelled from the party in January 1999 because he advocated a more open political system. His subsequent request to publish an independent newspaper was summarily rejected. But his application letter eloquently summarizes the state of freedom in Vietnam: "People with ideas do not want to speak, do not dare to speak, do not know where to speak. They hold their silence in agony."

WASHINGTON POST
P. A22, May 3, 2000

[Additional attachments are being retained in the Committee files.]

Chairman CRANE. How can the United States most effectively influence the pace and direction of economic and political reforms in Vietnam?

Mr. ROHRBACHER. We should, number one, as Ronald Reagan did with the Soviet Union, the number one goal should be not to help them grow economically. Because Ronald Reagan said about the Soviet Union, every week he would say, what have we done to undermine the Soviet Union economy, which eventually led to freedom in Russia.

What we must do instead is what Reagan did, support those people in Vietnam and in that region who seek democracy and support communications with the people of Vietnam themselves who are for a more free and open democratic society. We have lots of avenues open to us. We should have major efforts through our national Endowment for Democracy and bolstering Radio Free Asia, and so forth. That is the way to bring a better, more peaceful and freer Vietnam.

Chairman CRANE. And will that contribute in a positive way to the fullest possible accounting of POW-MIA cases and progress on remaining emigration cases?

Mr. ROHRABACHER. I think the most important thing that could bring an accounting for MIA-POWs is the elimination of the Communist dictatorship in Vietnam, instead of continuing support for the Communist dictatorship of Vietnam. They have not given us a full accounting, and I know that there are some people who have testified to that before this Committee.

Again, let me state for the record, this Congressman has asked over and over again for the Vietnamese government to simply provide the records of all the prisons in which Americans were held during the Vietnam War. They have steadfastly refused to do that. If we had those records, we could find out exactly how many men they were holding. They claim to me and to others who were at the negotiations that all of those records were destroyed during the war. They have not given us a full accounting, not by a long shot. The way to get a full accounting of our men is to try to put pressure on them, rather than trying to curry favors with these dictators in Vietnam.

Chairman CRANE. Thank you.

Mr. Levin.

Mr. LEVIN. I think there is much shared concern about the government of Vietnam. I am not sure there is anything close to total disagreement. I think it is closer to total agreement about the problems there. The issue becomes how you begin to impact conditions within Vietnam.

We have an ambassador there, a former colleague, and I am not saying ambassadors are always right, but I think our present ambassador has some special credibility and also a relationship with us that I think underlines his credibility. I just urge that you take a look at his testimony—I think you were here last year perhaps when he testified—and to see his perspective on how we try to bring about change with Vietnam, within Vietnam. Because, as you know, his perspective is very different in terms of how we respond to the problems there, whether it is the POW-MIA issue that you just commented on or whether it is emigration issues or whether it is commercial and related issues. So I just urge that we try to have a serious dialog on that.

When you talk about taxpayer subsidization, I just hope that that does not become kind of the rallying cry. I am not sure how much it really costs, if anything. As I understand it, there is one OPIC project now under way, just begun with Caterpillar, and Ex-Im has just signed an agreement, I think it may be the initial one, where there hasn't been any funding. So I don't want taxpayers to think that the ambassador or anybody is suggesting that we pro-

vide taxpayer moneys to prop up the government of Vietnam. It is really, in a sense, the opposite. It is how to impact change within that country.

Mr. ROHRABACHER. Well, number one, I have the utmost respect for Pete Peterson. I consider him a friend, and he is a former colleague, but I have some disagreements with him, obviously. But, again, I hold him in high esteem, and I think of him as a personal friend as well.

With that said, let me say that I do disagree with him. I think that you could only judge someone's opinion as how right it is by how it plays out in reality, and we have had this Jackson-Vanik waiver now for several years and has Vietnam become more democratic? No.

There is a definition of insanity, and that is doing the same thing over and over again but expecting to have different results. Things are not getting better in Vietnam. I have quoted many sources here from the Wall Street Journal and other economic analyses, as well as politically. It shows that things are not getting better. I hope when Pete comes to testify here today that he will be asked again whether or not the Vietnamese—here is a very easy thing the Vietnamese can do to show good faith on an accounting of MIA/POWs come up with the records for all of the prisons that Americans were held in during the war. Please ask him, why, after that has been requested, have not the Vietnamese complied with that. If they are dealing with us in good faith, they could do that with a snap of their fingers.

Mr. LEVIN. We will ask him about that and your other comments. I would simply urge, a few years is not a true test of where a country is going.

Mr. ROHRABACHER. I agree, but we have been doing this with China for 10 years, and it is becoming more repressive. We have the same pattern.

One last thought in terms of the subsidy that you are talking about. That is the essence of the argument. If you take away the portion of what we are dealing with here and we say you could have everything else but you are not going to get any more taxpayer guarantees through the Export-Import Bank and any other internationally financed, subsidized—taxpayer-subsidized financial institution, saying we are just going to eliminate that from the mix here, you will find that that is what this debate is really all about.

That is why the business community is pushing this. They want a subsidy so that they can close up here and open up in this dictatorship where they have no unions, they can pay dirt wages, and they think they are going to have this tremendous profit by doing it that way.

Mr. LEVIN. My time is up, but I think Caterpillar might say to you that the purpose of their project is not to close up here, it is to help to shape relationships so that what is produced here by Caterpillar can be sold and used in Vietnam.

My time is up. Thank you.

Chairman CRANE. Thank you.

Thank you, Dana, for your testimony. We have no further questions.

We will now stand in recess subject to the call of the Chair.

[Recess.]

Chairman CRANE. The Committee will come to order.

I want to welcome you all to the Subcommittee hearing on U.S.-Vietnam trade relations. Today we meet to examine the 2000 Jackson-Vanik waiver for Vietnam and pending legislation by Representative Rohrabacher, H.J.Res. 99, to disapprove this waiver.

Since in the early nineties, the United States has taken gradual steps to normalize our relationship with Vietnam. However, this process has been contingent upon Vietnam's total cooperation with the United States in making the fullest possible accounting for our missing servicemen and women.

In 1998, the President issued the first waiver for Vietnam from the freedom of emigration criteria in the Jackson-Vanik amendment to the Trade Act of 1974. As many of you know, the Jackson-Vanik amendment governs U.S. trade relations with nonmarket economy countries, including the extension of normal trade relations, or NTR. Earlier this month, the President issued the annual waiver for the next 12 months because he has determined that such a waiver will substantially promote freedom of emigration in Vietnam.

Vietnam is not yet eligible for NTR trade status because Vietnam and the United States have not yet signed a bilateral trade agreement, which would also have to be approved by Congress. Thus, the practical effect of the Jackson-Vanik waiver has been to enable U.S. Government agencies such as the Overseas Private Investment Corp., the Export-Import Bank, and the U.S. Department of Agriculture to provide financing to Americans interested in doing business in Vietnam, provided that Vietnam meet the relevant program criteria. This is a necessary first step on the way to full normal trade relations with Vietnam.

With respect to the bilateral trade agreement between the United States and Vietnam, the U.S. Trade Representative announced in July, 1999, that it had reached an agreement in principle with Vietnam. The agreement is reportedly comprehensive in scope and generally covers market access, trade in services, intellectual property and investment. I look forward to the formal signing of the agreement and hope that it can be submitted to Congress for consideration in the near future.

I believe this agreement would provide U.S. firms and workers with access to the Vietnamese market, which is the twelfth most populous in the world. Such market access also would give the United States the opportunity to be a positive force for change in a country in transition and where over half of the population is under the age of 25. If the agreement is signed and approved by Congress, Vietnam would be eligible for NTR treatment.

I look forward to our witness' testimony today on a broad range of bilateral issues and policy objectives in U.S. relations with Vietnam.

I now recognize Mr. Levin, the Ranking Member of the Subcommittee, for his opening statement.

Mr. LEVIN. Thank you, Mr. Chairman. Welcome to everybody who is here for this hearing, and thank you for calling this hearing.

As you indicate, the immediate question before the Subcommittee and then before the Congress as a whole is whether to approve or

disapprove of the President's recent decision to waive the Jackson-Vanik prohibitions with respect to Vietnam for an additional year. I support that decision. It should be a small, but hopefully, significant step in stimulating forward momentum in our relationship with Vietnam and reforms within Vietnam. It will not confer normal trade relations status nor GSP status for Vietnam. It will enable U.S. producers exporting to and investing in Vietnam to continue to receive the benefits of trade financing provided by the Department of Agriculture, Ex-Im, OPEC and other Federal agencies. Gradually, this should help to strengthen U.S.-Vietnam commercial relations.

In addition to the immediate question of a Jackson-Vanik waiver for Vietnam, we must begin to focus more sharply on longer term questions relating to the future of U.S.-Vietnam relationships.

Last July, our trade negotiators concluded an agreement in principle with the government of Vietnam. This agreement reportedly would be far-reaching in its scope. Vietnam has made significant market access commitments, agreeing to extend MFN and national treatment to U.S. goods. It also would agree to cut tariffs on key U.S. exports and to eliminate quotas on most imports.

In the area of intellectual property rights protection, Vietnam would agree to bring its laws into compliance with standards that, in some cases, go beyond the obligation of the WTO Agreement, TRIPS.

In the services sectors, Vietnam has agreed to phase in over relatively short periods of time the right for foreign firms to establish businesses in areas including law, accountancy, information technology, banking and insurance. While the commitments that Vietnam would make in its agreement in principle with the U.S., while those commitments are significant, much work, in my judgment, remains to be done. There are areas of concern that must be addressed as we consider taking further steps toward normalization of trade and economic relations with Vietnam.

First, we must insist on improved compliance with internationally recognized labor standards in Vietnam, and we must find ways to implement that compliance. The Human Rights Report of the State Department issued earlier this year states that "Vietnam's record in this area is poor." in particular, the State Department observes that, and I quote, "There were reports that thousands of children work in exploitative child labor." this must change.

A second area of concern is the pace of economic reform in Vietnam. Our approval of a bilateral trade agreement would require reassurance that Vietnam is taking steps to reform its economy, including steps to root out corruption, enforce intellectual property rights, and improve the reliability of government-published data.

I am looking forward to hearing what our witnesses today have to say on these and other issues, because there are, indeed, problems in our relationship. In particular, I am pleased that our ambassador to Vietnam and former colleague, Pete Peterson, is once again appearing before this Subcommittee. His perspectives on Vietnam have been valuable to us in the past, as I am sure they will be today.

In conclusion, Mr. Chairman, our work is cut out for us. We may be on the threshold of taking important new steps in our trade and

economic relationship with Vietnam. In the short term, it is important that we not take steps backward. For that reason, I support renewal of the waiver for Vietnam. In the longer term, it is critical that we address these many issues—these many outstanding issues affecting our trade and economic relationship with Vietnam.

Thank you, Mr. Chairman.

Chairman CRANE. Thank you.

Now I would like to yield 1 minute to our distinguished colleague from the State of Washington, Ms. Dunn.

Ms. DUNN. Thank you very much, Mr. Chairman.

I would like to thank the Chairman for his willingness to hold hearings on this issue, and I support the policy of engagement with Vietnam that began earlier this decade. I have long thought that Vietnam should be doing more to help answer the many questions that families of American POWs and MIAs have had to endure for well over two decades. This issue continues to trouble me deeply.

At this time, however, I continue to believe that it is in the best interests of the United States to move forward with our relationship with Vietnam. My conversation with many experts on our Nation's policy toward Vietnam, including Ambassador Peterson who traveled a great distance to be at our hearing today, have led me to this conclusion. If we are to work with the Vietnamese to win further concessions on the POW-MIA issue and help them move toward a market-based economy, continuing our engagement with them will only increase our leverage in the future.

The United States has entered into bilateral trade negotiations with Vietnam, and it is well on the way to finalizing a historic agreement. At the same time, I will insist that we use every tool at our disposal to extract further concessions on the issue of POW/MIAs, and I look forward to hearing from Ambassador Peterson on this issue today.

If Vietnam wants to enjoy the benefits of open trade with the United States, it must live up to its obligations to provide access to all POW/MIA records and to make substantial progress in reforming its economic structure and ensure human rights and religious freedom.

Mr. Chairman, thank you once again for bringing attention to this very important matter, and I look forward to working with you in the future as we continue a new era in our relations with Vietnam.

Chairman CRANE. Thank you, Ms. Dunn.

We have a full schedule today, and in the interest of time I ask our witnesses to limit their oral testimony to 5 minutes, and we will include any longer written statements in the hearing record.

Chairman CRANE. Our next witness is Ambassador Pete Peterson, our U.S. ambassador to Vietnam, former colleague of ours here in the Congress, resident of the Hanoi Hilton for 6-1/2 years, is that not correct, Pete?

Mr. PETERSON. That is correct.

Chairman CRANE. And a man who has, I think, special insights on our relations with Vietnam and who has inconvenienced himself to make that long trip to get over here to participate in our hearings.

We welcome you, Pete; and we are glad to have you here today to testify.

**STATEMENT OF HON. DOUGLAS "PETE" PETERSON, U.S.
AMBASSADOR TO VIETNAM (FORMER MEMBER OF CONGRESS)**

Ambassador PETERSON. Thank you very much, Mr. Chairman. It is an honor to be back with you and your colleagues.

I see on the dais three of my classmates, which would suggest some success here with the elevation of the Ways and Means Committee. I also see high-tech coming up with the new timing devices, which I am impressed with, instead of the old bulbs, which is rather significant.

This morning, I would like to consult with you once again on the President's decision to waive Jackson-Vanik for this year. Since the waiver was first granted in March 1998, it has been an essential component of our policy of engagement with Vietnam, and I am confident that this extension of the waiver will continue to advance U.S. national interest as we deal with Vietnam.

The one common point here that I think that you will hear throughout my testimony is that engagement works. We are now at our fifth anniversary of our recognition of normalization of our diplomatic relations with Vietnam; and, of course, another anniversary that we have all just witnessed was the 25th anniversary of the fall of Saigon. That is the past, and now we are looking to the future. Getting to where we are, relations between our two countries have been difficult over the last 25 years, but we are now stepping out into a new millennium with great aspiration and anticipation.

The engagement progress since 1995 has been much smoother, quicker, and more sustainable. An example of that is just the very fact that 500,000 Vietnamese have resettled permanently in the United States since we have engaged in that program.

It is also significant that we continue to look at the executive and legislative cooperative process in the establishment of Vietnamese policy, and this Committee and other Committees here have been very helpful, and I want to give you my personal thanks for that. I want to also thank you for your outstanding support staff. They have been just remarkable in helping me out and my staff out in establishing our positions here.

But we are now building a spirit of cooperation between our two peoples, and we are producing results in the areas of POW-MIAs, which Ms. Dunn has talked about, emigration, human rights, and economic reform. On the emigration issue, the cooperation between the United States and Vietnam has been excellent. We have completed nearly all of our emigration processing under the Orderly Departure Program, resettlement opportunities of the returnees, the ROVR program, the subprograms of the former reeducation camps, the HO program, and the Montagnard program.

Since I last spoke to you a year ago, 3,786 persons have departed Vietnam and resettled in the United States. That is an example of what is happening in the emigration policy and the levels of cooperation to be measured between the United States and Vietnam. I am confident that renewal of the Jackson-Vanik waiver this year

will continue to sustain the excellent cooperation that we have had with the Vietnamese.

Now, on MIA and POW. This is a very, very significant program. It remains the number one foreign policy issue with our engagement with Vietnam, and I am only here to tell you that we are making significant progress. The fact is that we have gone into the field, we have discovered remains, and the Vietnamese, because of their unilateral actions, have enhanced significantly the works that we are doing in Vietnam. Because of time, I cannot give you all the details, but in my testimony you will find where we have been and where we are going.

The human rights area is another area of major concern between our two countries, and in the last 3 years, the times that I have been posted to Vietnam, I have seen myself significant improvements in the human rights process in Vietnam. No, it is not a perfect situation, and it will not be for a long time. Much work needs to be done. But I share with Congress and the American people the deep concern for the human rights situation in Vietnam, and we continue to keep it as the cornerstone of our dialog.

In fact, just last week we held our human rights dialog, our annual dialog with Vietnam with significant results, and I am confident that that will continue.

The labor issue comes up often. The International Labor Organization, ILO, is involved in Vietnam. We are hooking up, hopefully, the AFL-CIO with them for training and to help move the Vietnamese along in that area as well.

Now, very quickly, trade and economic reform. It has slowed down, and clearly the reform has stagnated because of a lot of reasons, but it looks like there is light at the end of the tunnel. I have been told informally that the Vietnamese would like to come to the United States to finalize the clarification of the BTA, the Bilateral Trade Agreement, and it is likely that we should see them back to the United States within the next month. Should that occur, it is conceivable that that agreement could be signed and, therefore, then submitted to your Committee for consideration later this year.

In conclusion, I would remind you that this is a 1-year extension. This is not something that you do not get another look at in the next year. In fact, if you will, it is significant in the sense that it is a probationary process, and you will have the opportunity to look at Vietnam's conduct in all of these areas of which I have touched.

Congressional approval of this waiver sends a vital message to the Vietnamese that we are committed to the rule of our policy of engagement and that we do want to have a constructive, cooperative relationship with Vietnam and that we want to stimulate U.S. exports to Vietnam, thereby increasing the job potentials here in the United States. I am confident that the extension of the Jackson-Vanik waiver this year once again will further our sense of engagement and further our national interests as we deal with the Vietnamese in the next year.

Thank you, Mr. Chairman.

Chairman CRANE. Thank you, Mr. Ambassador.

[The prepared statement follows:]

**Statement of the Hon. Douglas "Pete" Peterson, U.S. Ambassador to
Vietnam (former Member of Congress)**

Mr. Chairman, I would like to thank you for once again inviting me to consult with you about the President's decision to waive Jackson-Vanik again this year. Since the waiver was first granted in March 1998, it has been an essential component of our policy of engagement with Vietnam. I am confident this extension of the waiver will continue to advance U.S. national interests in Vietnam.

Before opening our discussion of the current state of U.S.-Vietnam relations, I thought I might take a brief retrospective look at the history of our relationship. In three weeks we will celebrate the fifth anniversary of the normalization of United States-Vietnam diplomatic relations. This year also marks the twenty-fifth anniversary of the fall of Saigon. Anniversaries provide a useful opportunity to put relationships into some perspective.

The years between 1975 and 1995 were difficult, as we faced both differences over history and our commitments to resolve POW/MIA questions and to deal with the tens of thousands of refugees flowing out of Vietnam. Progress since 1995 has been much smoother, quicker, and more sustainable. As an example, our successful and cooperative emigration programs have paved the way for nearly 500,000 Vietnamese citizens to resettle permanently in the United States.

Much of what has been accomplished over these five years can be directly attributed to the vigorous and productive executive/legislative cooperation that has been developed relative to Vietnam policy. I would like to take this opportunity to thank the members of this subcommittee and the members of the House for their continuing interest in U.S.-Vietnam relations. Your visits to Vietnam, meetings with Vietnamese leaders visiting Washington, and other congressional interventions on a wide range of issues have reinforced our policy of engagement. The House and its members have made clear, both privately and publicly, to Vietnam's leaders and its people that the United States remains committed to enhanced U.S.-Vietnam relations. Progress on some bilateral issues would not have occurred without direct assistance rendered by members of Congress. In that regard, I would like specifically to thank Chairman Archer, Chairman Crane and the members of this committee for your direct support and counsel.

Looking back at the last five years, there is one common theme to everything involved in the development of the relationship; one factor that should be evident from our experience in Vietnam—engagement works. On every issue in which we have been able to demonstrate mutual interests and in which both sides have been convinced of each other's commitment to build a relationship, we have made progress. Each side has made gestures to advance this process—the United States lifted its trade embargo and Vietnam agreed to assume long-term debt and settle property claims. Vietnam, by joining the ASEAN Regional Forum and the Asia Pacific Economic Cooperation Forum, signaled its desire to play a constructive role on regional security, trade issues, and economic development. Vietnam will take over chairmanship of the ASEAN Standing Committee (ASC) and the ASEAN Regional Forum (ARF) after the July ASEAN Ministerial Meeting. This change marks the first opportunity for Hanoi to assume leadership positions within ASEAN.

Bilaterally, engagement at all levels is building a spirit of cooperation between our two peoples and producing results in those areas that are most important to us—POW/MIAs, emigration, human rights, and economic reform. Vietnam's cooperation on emigration policy, the test issue for the Jackson-Vanik waiver, is exemplary. In the past five years, we have completed nearly all immigration processing under the Orderly Departure Program, Resettlement Opportunities for Vietnamese Returnees (ROVR) sub-program, the Former Re-education Camp Detainees ("HO") program, and the Montagnard programs. Since I last spoke to you, a total of 3786 persons have departed Vietnam and resettled in the United States under all of our various refugee programs.

This year we relocated refugee and resettlement processing from our Embassy in Bangkok to our full-service Consulate General in Ho Chi Minh City. This move has enhanced our ability to provide essential services. While this move was accomplished relatively smoothly, there have been some start-up pains. We still hope to finish processing of eligible applicants under the ODP and ROVR programs by the end of this calendar year. I want to emphasize that we will not consider our refugee programs to be completed until the last eligible applicant has had the opportunity to be interviewed, or we have an acceptable accounting of each case. Vietnamese officials have continued their excellent cooperation over this past year and we will continue to build on this strong foundation to gain authorization to interview all those who wish to be interviewed for resettlement in the United States under all refugee and related programs. I am confident that the renewal of the Jackson-Vanik

waiver this year will further enhance the excellent cooperation and coordination we now receive from Vietnamese officials.

Like emigration, we have established an impressive spirit of cooperation with the Vietnamese in the search for our servicemen and women still missing in action from the war. In March Secretary Cohen's visit provided an enormous boost to our progress in building the people-to-people relationships that are slowly replacing suspicion with trust and understanding. This is vitally important at this juncture because we have finished the easy work; the tasks ahead are becoming progressively more difficult. We are now searching in some of the most difficult and dangerous terrain in the world—in thick primeval jungle and on top of rugged mountain peaks. We face unpredictable weather conditions from torrential rains and high winds, along with increasingly treacherous situations involving the clearing of unexploded ordnance. Nonetheless, young volunteer American servicemen and women and their Vietnamese counterparts continue to brave these severe and highly dangerous conditions to locate the remains of our MIAs. I am never more proud than when I meet these young people, most of whom were born well after any of the loss incidents they are investigating.

Vietnam continues to support the President's Four Measures of Cooperation on the POW/MIA issue. Since 1993, thirty-nine (39) joint field activities have been conducted in Vietnam, 288 possible American remains have been repatriated, and the remains of 135 formerly unaccounted for American servicemen have been identified, including 26 since January 1999. This would not have been possible without bilateral cooperation between the U.S. and Vietnam. Of the 196 Americans that were on the Last Known Alive list, fate has been determined for all but 41 men. Many of the American losses occurred in Laos and Cambodia. To date, Vietnam has provided 39 witnesses for investigation of possible loss sites along the border and within Laos and Cambodia. The Vietnamese continue to provide documents and films to investigation teams. Since 1993, approximately 28,000 items have been reviewed for possible information that would lead to an accounting for our fallen comrades. As presented here, Vietnam's cooperation in our efforts to account for missing Americans from the Vietnam War remains excellent and in good faith; without such cooperation, closure for the many families of our missing warriors would not occur. Let me assure you, the quest for fullest possible accounting of POW/MIAs remains our number one foreign policy priority with Vietnam.

Since my posting to Hanoi, I have seen significant human rights improvements in Vietnam. It is not a perfect situation and we have additional work to do in encouraging Vietnam to make further improvements in this critical area. I share with the Congress and the people of the United States a deep concern for the human rights situation in Vietnam. We have established a serious dialogue with the Vietnamese on human rights issues, and, just last week, we held annual high-level human rights discussions with Vietnam's representatives here in Washington. Secretary Albright raised human rights issues with Vietnamese senior leadership during her visit last year. In addition, my staff and I constantly work with Vietnamese officials to keep this issue a cornerstone of the bilateral relationship. I am pleased to report that our policy of engagement and dialogue has produced encouraging results.

This year, Vietnam liberalized its policy toward tolerating public dissent, and the Vietnamese Communist Party continued its efforts to reform procedures on internal debate and to allow a mechanism for citizens to petition the Government with complaints. We have seen evidence of this in various publications, but one of the clearest demonstrations can be seen on the streets outside the National Assembly Hall, where delegates are currently in session. Ordinary Vietnamese citizens are carrying placards demanding change on political and economic issues. Some placards I personally witnessed complained about corrupt local officials in their home districts.

Additionally, the Vietnamese released nearly 20 religious or political prisoners and thousands of others from jail this year. Among those released were 12 Hmong Protestants and three Catholic priests. Participation in religious activities throughout the country continued to grow significantly. Churches are generally full on days of worship and on special days of remembrance large numbers of followers celebrate. An estimated 500,000 Hoa Hao gathered in An Giang province for a religious festival and an estimated 200,000 Roman Catholics attended the annual La Vang pilgrimage. The Vatican and Vietnam have regular dialogue. We are also encouraging Vietnam to recognize more than one group of Hoa Hao adherents. Ambassador for Religious Freedom Robert Seiple visited Vietnam last year and witnessed many of the improvements and issues first hand. Still, much remains to be done, but there has been progress and we want to encourage further progress in the future.

Conditions for workers have also improved. The International Labor Organization has opened an office in Hanoi and has moved quickly to assist Vietnam to imple-

ment its new labor law. The ILO is also providing technical assistance to help establish a workers' compensation and social security program, to improve occupational health and safety standards and inspectors, to train union members for negotiation of collective bargaining agreements, and to review overtime procedures. The ILO also conducted a two-day seminar in Vietnam to educate Vietnamese officials on the importance of ILO Conventions 138 and 182 on Child Labor. We anticipate that the AFL-CIO, working with the ILO, will bring to Vietnam in the near future its tremendous experience and dedication to the cause of Workers' rights.

You should also know that there were numerous (approximately 60) private and public strikes during the year, primarily against foreign-owned or joint venture companies, but a number also involved state-owned and private firms. The Government tolerated these strikes, even though most were spontaneous and supported by organized labor after the fact. In some cases, the Government disciplined employers for illegal practices that led to strikes. In October 1999 the Government reduced the length of the workweek for government employees and employees of companies in the state sector from 48 hours to 40 hours.

Organizing this year's annual Human Rights Dialogue was the easiest I have yet experienced, and for the first time Vietnam's delegation met with U.S.-based human rights NGOs. In last week's human rights dialogue, Assistant Secretary for Democracy, Human Rights, and Labor Harold Koh raised freedom of speech, association and religion, Vietnam's administrative detention decree, prison conditions, labor rights, information on former prisoners of conscience, as well as specific detention cases of concern to us. Vietnam's delegation also met with the Council on International Religious Freedom. The tone of the meetings was the best ever. I believe that we have finally established in-depth mutual understanding on this issue that will encourage a spirit of cooperation on human rights.

Expanding economic linkages between the U.S. and Vietnam has been another challenging mission. Although we have made excellent progress over the past five years in expanding U.S. exports to and investment in Vietnam, this past year has been particularly frustrating. Perhaps the relationship is just experiencing growing pains. When I spoke with you last year, we were in the middle of the 8th round of trade negotiations with Vietnam. One month later in July, we reached agreement in principle on the bilateral trade agreement. Following technical discussions in August, we had high hopes of signing the Bilateral Trade Agreement during the APEC Summit in September, but Vietnam balked at the last minute. I know all of us were disappointed by this outcome, because concluding the BTA will bring real benefits to both sides. Not only would the BTA open markets to American companies, but implementation of its terms would mean that, over time, Vietnamese citizens would gain significant freedom to determine their own economic destinies.

Nonetheless, I still hope we can complete the agreement before the end of this administration. We are currently awaiting Vietnam's answer to the United States Trade Representative's May 17 invitation to Vietnam's Trade Minister for discussions in the U.S. to finalize the BTA. Ambassador Barshefsky's invitation responded to Vietnam's March letter indicating issues on which Vietnam desired further clarification. Without access to the U.S. market on competitive terms, Vietnam cannot attract the foreign direct investment and expertise to be able to compete in international markets with its neighbors in ASEAN and China.

Over the last six months, selected macroeconomic indicators have given the leadership of Vietnam a sense of comfort that has led to a slowdown in economic reform. Although foreign direct investment flows have plummeted as economic reform has stalled, higher oil revenues, improving exports to recovering regional trading partners, increasing remittances from overseas Vietnamese, and rising levels of official development assistance have stimulated Vietnam's economy. Growth has risen from less than 4% one year ago to an estimated 5.6% in the first quarter of this year, seemingly validating arguments for slowing the pace of change.

We have seen some progress on economic reform, nevertheless. Vietnam's State Bank issued important new prudential regulations and took the first steps in restructuring Joint Stock Banks and State Owned Commercial Banks. The National Assembly approved an important new foreign investment law and the new Enterprise law, which streamlined domestic business formation. The government moved to simplify equitization, divestiture, transfer, sale, or lease of small State Owned Enterprises (SOEs) and allowed foreigners to own equity in SOEs. Minor steps were also taken toward trade reform; the government reduced tariffs, liberalized import/export rights, removed some import licensing requirements, and improved foreign exchange regulations. The National Assembly has also extended, on a temporary basis, normal trading relations status to United States goods pending completion of the Bilateral Trade Agreement.

The reform agenda remains long and the next steps—expanding competition in the financial sector, removing further protections for SOEs, and opening to the global economy—can free Vietnam’s people to stimulate more rapid economic growth. With approximately 1.3 million annual entrants into the job market, Vietnam’s annual growth rate needs to approach 10% to absorb new job seekers and to keep pace with its neighbors.

This past year, Ex-Im, OPIC, TDA, and USDA programs made available by the Jackson-Vanik waiver began to have the positive impact on U.S.-Vietnam commercial relations we all expected. USDA’s Cooperator Program is improving dietary sensitivities that can lead to greater demand for U.S. agricultural products. A 25,000 MT wheat donation authorized under Section 416(b) of the Agriculture Act of 1949, generated considerable positive publicity and good will among the Vietnamese people. The grain’s timely arrival in Vietnam’s Central Provinces just before major flooding augmented a considerable United States humanitarian effort to provide relief to thousands left homeless. Local currency earned from the commercial sale of the wheat will be applied to disaster mitigation and rural development projects in Vietnam. These projects build Vietnamese goodwill for the U.S. More specifically, OPIC lent Caterpillar’s local distributor \$2.3 million for an expansion of the company’s facilities and OPIC has approved an \$8 million loan for a new pharmaceutical factory. A few more project finance applications are in the pipeline. The Trade and Development Agency continued to support U.S. businesses through funding of feasibility studies and technical training. Finally, Ex-Im Bank signed two agreements making its insurance and loan programs available for the first time to U.S. exporters.

The Jackson-Vanik waiver remains a prime example of executive/legislative cooperation on foreign policy and an essential element of our engagement with Vietnam. It has promoted greater Vietnamese cooperation on the total range of bilateral issues. Congressional approval of the waiver sends a vital message to Vietnam’s leadership and people that the United States wants a cooperative, constructive relationship with Vietnam. The policy tools the Jackson-Vanik waiver makes available build the people-to-people relationships that will strengthen trust between our societies. I am confident that this extension of Jackson-Vanik will further advance the national interests of the United States in Vietnam. I urge members of the House to support the President’s waiver.

Chairman CRANE. Could you elaborate any further on why the agreement has not been signed?

Ambassador PETERSON. Yes. I think, by and large, the Vietnamese became very, very frightened at the complexity of this trade agreement. The trade agreement is patterned and created under the auspices and principles of the WTO. When we first began speaking to the Vietnamese about these principles, frankly, they did not understand them at all. And even if we do not get the agreement signed, the very fact that we have educated the Vietnamese on these very complex issues will be a benefit to future relationships on trade. But they became very frightened. I think there was an internal debate that took place within the halls of the Politburo and the National Assembly and others, and they just came to the point where they said, you know, we are not ready.

It has been nearly a year since we initialled the Principle Agreement. I think now that there is much greater understanding in the country as to the benefits associated with this, and now I think, too, that the concern that they had of losing control of the economic situation in Vietnam is becoming a lesser matter, and that has been, I think, stimulated again by the very fact of the passage of permanent NTR for China here in this hall just last month. I think all of those factors have given the Vietnam a comfort factor in moving ahead to the future.

Chairman CRANE. Could you describe a little bit the scope of the agreement in principle that was reached last year in the bilateral commercial agreement?

Ambassador PETERSON. I can't tell or relate all of the details because they are not—I am not a trade expert, for one, and I don't understand some of these complex issues. Nevertheless, I can assure you that they do take the Vietnamese to the next step.

The agreement is largely designed with the evaluation of the Vietnamese market and the potentials for implementation, but it addresses very concretely the intellectual property issues that are very important to any kind of commercial engagement. It has the opening up of sectors of the market that we are concerned about. It addresses tariff issues that are always of concern; and, just in general, it has a small chapter on investment that is critical to any kind of engagement we might have.

Chairman CRANE. Our previous witness talked about government subsidies of businesses going over there and implied they are just losing taxpayer dollars. Those businesses that have had assistance to do business in Vietnam through such things as the Ex-Im Bank loans or OPIC or the Department of Agriculture providing assistance, have there been significant American businesses going in there that have failed?

Ambassador PETERSON. No, I don't think any would come out and just say they have failed, but there have been businesses that lost patience with the process, and that is clear. Because some of the reforms that were necessary for some to be successful in various sectors, the energy sector is a case in point, that just did not materialize as was expected, and so some of those companies obviously saw opportunities in other countries, so they pulled their investments out and went to another country. That is how business works.

But the programs of OPIC and the Ex-Im are infant, and only a very few have been used. Because we just haven't had that much interest on the American side to invest in these last couple of years because of the downturn of the FDI interest in Vietnam in general. But I don't think that you are looking at—certainly you are not looking at a subsidy program, if you will, with the enticement of American companies to come to Vietnam.

Chairman CRANE. Finally, what impact would denying the Jackson-Vanik waiver have on our relationship with Vietnam and any future progress on the POW-MIA accounting and immigration issues?

Ambassador PETERSON. I think failure of the renewal of the Jackson-Vanik waiver between the two countries would be very, very damaging to our overall relationship. While it wasn't meant to be, it has become the symbol of American commitment of engagement and of cooperation into the future. I don't think that the Vietnamese would negatively in any way impact—allow a negative impact to our MIA search efforts. They have long stated that as a humanitarian issue; and, in fact, we have now established, I believe, a partnership in that regard in that we are helping them locate the lost persons from the war, which number 300,000, by the way.

So we are working this back and forth in a very humanitarian way. So I don't think there is any threat there of withdrawal should this not pass. Nevertheless, there is a whole host of other things that we are working with the Vietnamese on, be it counter-narcotics, be it health programs, be it environmental programs and things like that that would likely suffer greatly if we were not able to pursue.

Now, again, I don't think it would have a negative impact, a severe negative impact on the emigration policy, because the Vietnamese have indeed moved forward to embrace international standards of emigration policy, which, of course, is the basis for the Jackson-Vanik waiver.

Chairman CRANE. Thank you, Mr. Ambassador.

Mr. Levin.

Mr. LEVIN. Thank you. Welcome.

Ambassador PETERSON. Thank you.

Mr. LEVIN. Nice to see you again, Pete.

Would you like to comment—and it is not necessary, perhaps, but you heard Mr. Rohrabacher's comments about POW-MIA issues. Would you like to say a word about that?

Ambassador PETERSON. I only would cite the fact that I have personally seen, if you will, the master list of POWs held in Vietnam. We have had that in our possession since at least 1992, which was a very ragged, very wide—on very bad paper, I might add—list of everybody that the Vietnamese claim to have.

Now, it wasn't by prison. It was just the master list. It was almost like checking in at a hotel, the registrar's listing. And we have that in our possession, and my name is on it, a number of other names that you would be familiar with are on it. I have forgotten the exact number of names on that, but even some that did not come out of prison on—who lost their lives there after having been captured are on that list.

And so, I don't know that there is a prison-by-prison list, and I doubt it seriously. There were at least 11 prisons in Vietnam, and we moved around in those prisons frequently. So at any 1 day, you would get a snapshot list but you would not get a list, if you will a definitive list, of persons who had been in that one prison for the entire time that we were incarcerated.

Mr. LEVIN. Thank you. In your testimony, and you referred to it briefly in our oral presentation, you mentioned in terms of conditions for workers, we anticipate that the AFL-CIO, working with the ILO, will bring to Vietnam in the near future its tremendous experience and dedication to the cause of workers' rights. And maybe this is too preliminary for further comment, but is there anything further that you could tell us about that?

Ambassador PETERSON. Well, for the last 3 years we have had a dialog with AFL-CIO and they have had at least three delegations visit Vietnam to evaluate the possibility of engaging in, perhaps through the good offices of the ILO, a dialog with the Vietnamese on the establishment of labor law and the implementation of the labor law. The labor law in Vietnam actually is pretty good.

Mr. LEVIN. On paper.

Ambassador PETERSON. On paper. The problem of course is implementation. And in a general sense, the ILO is working with the

Vietnamese very diligently to pursue greater implementation nationwide on that document and to further expand that into the areas that it does not quite meet the test.

And the AFL-CIO have, without commitment yet, but have signaled an interest in coming in and marrying up with the ILO to conduct technical assistance.

Mr. LEVIN. And that is being pursued by the embassy? By your staff?

Ambassador PETERSON. Yes, I personally have been involved with this myself since actually before I ever even was posted to Hanoi.

Mr. LEVIN. By the way, and I perhaps should know this, it indicates why we should have a better idea of the real dynamics within Vietnam, the state-owned enterprises, are they still the majority of the economy within Vietnam?

Ambassador PETERSON. Yes.

Mr. LEVIN. They are?

Ambassador PETERSON. Yes, and there is a move, of course, for the equitization—that is their word for privatization—of the SOEs, the state-owned enterprises. They are moving not as fast as we would like to see them move, but there is enormous problems with valuation in those SOEs. Those are ancient companies whose inventories and accounting practices have been pretty bad, and so they are having the difficulty of establishing valuation.

They have gone so far, however, to say in the process of equitization that foreign entities can, in fact, purchase up to I believe 30 percent of the SOEs in that process. And that is a breakthrough, and a further breakthrough is that on July 1st, the Vietnamese will open its very first stock market in Ho Chi Minh City, and that will open up the opportunity for a greater SOE equitization, so that they can build capital from the stock market.

Mr. LEVIN. Thank you.

Chairman CRANE. Mr. Ramstad.

Mr. RAMSTAD. Thank you, Mr. Chairman. And Ambassador Peterson, it is good to see you again. As one of your three classmates on the panel, I just want to say that you made all of us very, very proud and I certainly appreciate all the hard work that you have done to improve relations with Vietnam and the work you have done with the Vietnamese government to improve economic conditions there and your work on economic reforms as well.

I certainly agree with you, Pete, that opening Vietnam's economy and markets will make Vietnam stronger and improve the lives of the Vietnamese people, and of course it is music to my ears whenever we have an opportunity for more export markets. My farmers appreciate it. Our businesspeople appreciate it and need it, and so it is obviously good for our economy as well.

While I firmly believe that trade and economic development are vital to the development of democracy in Vietnam, I am concerned about the benefits of trade and economic development reaching down to the oppressed ethnic minorities. I have read the accompanying statement from the State Department accompanying the waiver request. I am concerned about what the government of Vietnam is doing, if anything, Mr. Ambassador, to promote economic

development among minority groups, especially our former allies, the Hmong, the Khmer Rouge and the Montagnards.

Two questions: What is the government of Vietnam doing to promote economic development among these minority groups, particularly the three I referenced? And second, what is your country team doing to encourage and monitor the situation?

Ambassador PETERSON. The Vietnamese, it is really quite a mixed process as to the minority groups. There are 54 minority groups in Vietnam. In some provinces, it is totally merging and you really cannot see any differentiation between one to the other. But once you get out into the very, very serious rural areas, mountainous areas where the Hmong and some of the Thai and others locate, it is very, very distinguished that there is a separation. And some of it is self-imposed. It is not necessarily something that the government can do much about.

Those are extremely poor areas which we are talking about, and the Vietnamese have, and through the good offices the World Bank, ADB and through the donor programs that other nations have, have worked very hard to move the investment out into those rural areas because they see that that is a major need. In fact, they have identified 1,600 communes that have special needs for the alleviation of poverty and hunger.

Now, you can say how do you fix that? Clearly, it is not by just going into that commune and dropping off bags of rice. What you have to do is create sustainable jobs. And so those programs are focused on that. And to a very minor, minor extent, the American programs that we have are assisting in that regard. We have very little USAID money, as you know, and so we are not so much involved with economic development in that program but more humanitarian and in a sense some of those hunger and poverty issues become humanitarian.

But the overall is positive, and our country team watches very closely. I have traveled to—personally, to well over 50 of the 61 provinces and my staff is out in those areas virtually weekly. And we report that rather frequently back to the U.S. through the State Department and I am sure those reports would be made available to you if you would like.

Mr. RAMSTAD. And I appreciate that. And that certainly corroborated what my friends from Cargill tell me. You have traveled throughout the country to the hinterlands and you have helped American companies as well in the process. Let me just conclude, if your team could get to me, because of my concern before this goes to the floor, if possible, the economic condition of each of the three groups I pointed out, and then any planned actions either by the government or NGOs to help ensure that the benefits of U.S. trade do reach the minorities.

Ambassador PETERSON. OK. We will work on that. I would ask—the term “Montagnards” is a very generic term and it means all of those groups essentially and I would need, if you would, to just jot down now we are talking two groups, and I will get that back to you.

[The following was subsequently received:]

What are the economic conditions of the Hmong, Khmer, and “Montagnard” minority groups and what are actions planned by the Vietnamese government and

non-governmental organizations to help ensure that the benefits of U.S. trade do reach the minorities?

The "Montagnard" people, some 6.5 percent of the total population of 78 million, comprise more than 30 ethnic groups in the Central Highlands. The Hmong number approximately one percent of the population and live in the highland regions of the northwest border provinces. Both groups have a lower standard of living than the majority Vietnamese population and many of their communities suffer from severe poverty. This is due to a variety of factors, including high population growth, environmental degradation, isolation, and social and cultural marginalization. The Khmer constitute one and a quarter percent of the total population with the majority residing in the eastern coastal provinces of the southern Mekong River delta where they engage in wet rice cultivation and are relatively prosperous. On the other hand, the Khmer of the western Mekong delta near Cambodia live in relatively isolated pockets and their overall standard of living is much lower than their eastern brethren.

In general, increased economic development and expanded trade and tourism have helped ethnic minority communities in Vietnam, though progress in developing these communities has been uneven. Many of these groups have long been isolated, and expanding trade and increasing investment clearly help to improve living standards and economic and educational opportunities for members of ethnic minority groups, especially those in areas located near larger cities and in the delta. Over the past ten years, Vietnamese government and NGO programs have made gains in increasing educational opportunities and health conditions for persons in ethnic minority communities.

Mr. RAMSTAD. I will break that down and be more specific. Great to see you. Thanks for the wonderful job you are doing and God bless.

And I yield back.

Chairman CRANE. Ms. Dunn.

Ms. DUNN. Thank you very much, Mr. Chairman. Ambassador, it is great to welcome you here. We were disappointed last December, when Congressman Crane was going to lead a delegation to Vietnam, that we were not able to secure the airplane we needed and so we couldn't visit you. I would like to see firsthand how things are doing there. But just for the benefit of somebody like me, who comes from a state that is very reliant on trade, one out of four, almost one out of three jobs almost are now related to trade, I am curious for your feel about what is going on in Vietnam with regard to the level of activity by American firms in Vietnam. How does it compare to other countries that are doing business? Are you in a position to help out our American firms?

Boeing is an example. Microsoft. What do you see as the future of trade from the United States with Vietnam?

Ambassador PETERSON. I think the opportunities and the potential are enormous. But, in fact, the economy has stagnated because the government has, in fact, stagnated their reform process. And as a result, with the increase, if you will, of the recovery of the Asian financial crisis, the neighbors of Vietnam become more attractive as to attracting that investment that would otherwise come to Vietnam. So we are not seeing a lot of new companies come to Vietnam but those who are already there—and Boeing is there. Vietnam Air flies three 767s right now, and they are looking at the potential purchase of additional Boeing aircraft in the next year or two.

But the others, like Microsoft certainly is there in a very big way. We just had a dinner celebrating the—what is it—the new program that Microsoft has just come out with, the 2000 program, and that was a big hit in Vietnam and virtually everyone knows those two companies there.

Some companies though, I have to tell you, are not doing so well. Some companies are doing very well. And it has a lot to do with sector opportunity, and it also has to do with management of those companies because some companies have not really patterned their opportunities or actions against what the realities are yet in country.

But the potential is there for American export. We have your apples in Vietnam. We have a whole host of Washington-based companies that are involving themselves there, and I see nothing but a bright future for the export market into Vietnam as it adheres to greater reforms.

Ms. DUNN. Thank you, Mr. Chairman.

Chairman CRANE. Mr. Nussle—Mr. Camp.

Mr. CAMP. Thank you, Mr. Chairman. Welcome, Ambassador. It is good to see you. Your testimony always has great weight before this Committee and partly because we all know you and have great respect for the job that you did as a Member of Congress and the job that you are doing now as Ambassador to Vietnam and also your experiences. Thank you for being here and for your testimony.

My question, I just wanted to go into a little more detail, if you could, about some of the concrete steps the Vietnamese have taken to help us resolve the remaining POW/MIA cases and what you see as the greatest obstacle to resolving those cases that remain.

Ambassador PETERSON. You know, Dave, I think the biggest obstacle is just the logistics now. We have, from the Vietnamese side, had enormous unilateral efforts on their part to help us discover locations, establish identities of witnesses that will give us information concerning the cases that remain unresolved. All the things that give us access to their archives, all of those things are there.

But just the pure logistics is enormous. I wish I could take you out and show you, and you might have seen, in fact, when Secretary of Defense Cohen visited. He visited one of the most difficult sites that we had had for some time, and people are working in water up to their chest and mud up to their knees at least or beyond in effecting the kinds of search efforts. And now we are going into circumstances where the sites are so remote that people are having to walk for hours into the jungle to get to those sites and then camp out in some of the most dangerous places in the world and on mountain tops and on sides of mountains as well.

So the logistics are becoming our major obstacle for making faster progress, because now when we get out to one of those sites what might have taken you 3 weeks to do is now taking 6 or 8 weeks when we have to go back. And then there is another factor and that is the danger. We put so many of our cases sort of back off to the side because the site itself was too dangerous because of unexploded ordnance that was associated with the crash site. And now we are having to go into those places, and I am very concerned about that because I don't want to lose any life or have anyone injured associated with that.

But I think the bottom line is the biggest problem is the logistical issue, access is not a problem. Unilateral action is not a problem, and cooperation is not a problem.

Mr. CAMP. Thank you very much for that summary. On some economic issues, obviously some of the trade statistics are not as

good in recent years as they were beginning to be in sort of the mid-nineties, and the foreign direct investment figure has begun slipping, and I understand some new commitments are expected. To what extent do you believe that the lack of implementing structural reforms to revitalize the economy has affected foreign investment?

Ambassador PETERSON. It has had a devastating impact on attracting foreign direct investment. Their lack of moving forward with the kind of reforms they needed to do in the financial sector and the re-equitization of the state-owned enterprises and the trade issues has severely restricted the importation of foreign direct investment.

They could turn that around virtually overnight by signing the bilateral trade agreement, because that has in all of it a reform package essentially that they would buy in. And it also in a sense allows time, because there are time lines associated with it, for them to build the infrastructure, the institution infrastructure that has to be in place for them to implement. And it is a good agreement in that respect.

But the fact that the Vietnamese stalled on their reform efforts has directly impacted negatively their opportunities to attract investment. But I would say that there is an encouraging sign on the American side. In the last quarter, American exports to Vietnam were \$110 million. That is quite a step above last year and might be an indicator for the future.

Mr. CAMP. Thank you very much for your insight and your comments, and it is great to see you, Pete, and congratulations on all of your successes. Thank you. I yield back.

Chairman CRANE. Mr. Neal.

Mr. NEAL. Thanks, Mr. Chairman. Great to see you, Pete. I read where the Chinese often describe their new approach to economics as being a mixture of socialism and capitalism. How would you describe the Vietnamese framework for their economic system?

Ambassador PETERSON. It is very close. Very close to that. Their idea is they still are saying that they want the state-owned enterprises to have a majority piece of the economic well-being of the country, which means that they want to maintain a significant portion of control.

On the other hand, it becomes unrealistic because of the state-owned enterprises. They are so badly managed, many of them are in serious debt, and over 50 percent of them are not profitable. And so they might make a statement like that but it is not sustainable. But in a general sense, they would probably say and describe their new marketplace as that same combination as the Chinese.

Mr. NEAL. As we recently concluded the debate on permanent normal trading relations with China, much of the discontent that surrounded that debate dealt with the issue of human rights. Could you just quickly give us your sense of whether or not American values introduced into a free market advance our interests or whether or not a tight economic system precludes that?

Ambassador PETERSON. I am convinced that through engagement, through dialog and through the creation of a strong economic engine, that we are at our apex of having the greatest amount of influence on the improvement of human rights in any country.

In the process of building the economic engine, you empower people, and through that empowerment they then determine their own destinies. And you can see it happening, in the urban areas particularly, in Vietnam right now. You will see even greater adherence to that once the economic engine kicks in and the economic engine reaches even somewhere close to the potentials that exist in Vietnam. Those citizens will be enriched. The government will be more comfortable because there will not be so many pressures, financial pressures, and they then in the process will have a new role for individuals.

In the process the quality of life for everyone, in this case 80 million people, improves, and I think that in itself is a human rights issue. If you have that many people having a greater lifestyle and more comfortable life, a healthier life and one in which individual potential is realized, I think that is a significant improvement.

Mr. NEAL. Do you have a time line? Do you have any sense of where we are in history and where we are going with that?

Ambassador PETERSON. Well, I think it is really hinged on the Vietnamese courage in signing the BTA, because the BTA is the one thing that is going to really kick the economy in Vietnam.

Now, it is not all American. The bilateral trade agreement will be a very significant psychological lift to not only American investors but investors all over the world, because if in the process of implementation of that agreement the Vietnamese reform their financial sector, and of course reform their state-owned enterprise sector and reform their trade sector, the entire world trade organizations will benefit and you are going to see probably, if this trade agreement was to be signed and implemented, that the first major influx of foreign direct investment is likely to be not American but is likely to be in some of those industries that are already there, like from Korea or Taiwan or Singapore. But then Americans are sitting there at the doorstep to take advantage of that as well.

Mr. NEAL. You are always most welcomed here and great to see you, Pete.

Ambassador PETERSON. Thank you.

Chairman CRANE. Mr. Watkins.

Mr. WATKINS. Thank you, Mr. Chairman. Mr. Ambassador, welcome again. Always delighted to see you here, and appreciate the job and the professionalism that you go about doing that job in Vietnam.

I am proud of Oklahoma. We were the first state to step forward to put in a trade office in Vietnam. As you well know, States have limited dollars and it is one of those decisions that was made to try to be there early and to try to be of assistance. There is always a little debate on where that money should go. And especially without the bilateral trade agreement, there is a lot of people who say we should not have been there. Some of us think it is always good to be a leader in areas.

I know that debate will continue as we try to position ourselves in trying to help our business and industries and others in the area.

The question is, you know, do you have other States there full-time now? Or is Oklahoma still basically the only one?

Ambassador PETERSON. It turns out that Oklahoma has the record for staying power.

Mr. WATKINS. We have always been a hardy bunch.

Ambassador PETERSON. And I think it has been very beneficial to you. Florida had an office there and it actually was withdrawn because of funding issues in January, I believe is when that office closed.

But Oklahoma has for not so much cost actually been there over these years and has established a very strong relationship with their counterparts in Vietnam, which is going to serve Oklahoma issues or interests a great deal once the opportunity breaks through for the BTA. For instance, if the BTA was to be signed this year and implemented next year early or something like that, your office would be in first place to reap the benefits from that, particularly as it might apply to the energy sector or the agricultural sector, of which you have great interest.

So I think it is a good investment, and I think that to stay there now would be wise and to carry this out, and I think it is really minimal costs.

Mr. WATKINS. How close do you think we are, Pete, in getting to that agreement? I mean, do you see any—what is the problem, do you think? What can we do to help break the ice and get that?

Ambassador PETERSON. Well, we really have been working on this very hard. USTR—and Joe Devane is with me, our chief negotiator—have done yeoman's work in pursuing this, as has our State Department and my mission in Vietnam, to encourage the Vietnamese to move forward with the signing of this agreement. It is very key to their economic recovery and their road toward WTO. As I said earlier, I have been told unofficially that the Vietnamese intend to come back to the United States to work out the final details on this trade agreement as early as the end of this month and perhaps into July. But if that were to occur, then I think we are very, very close to signing that agreement.

Mr. WATKINS. Pete, let me ask you along this line, and I am kind of just thinking out loud with the chairman, as you know, Congresswoman Dunn indicated that—I forgot when it was, Mr. Chairman, but I know you invited me to go along, we were looking at going to Vietnam. Do you think it is timely? I mean, maybe this is a timely—would that possibly help focus a little bit if a congressional delegation came?

Ambassador PETERSON. It is always helpful for a congressional delegation to visit Vietnam. Every delegation has been received very warmly. I encourage strongly as I can for you all to come. I know Chairman Crane attempted to come out last December and for reasons beyond his control was not able to with a good delegation. I hope that we can renew that. But a delegation right now would be a useful issue, I think.

Mr. WATKINS. We have a contest coming November that may have to take precedence. But let me say, Mr. Ambassador, again, I appreciate what you are doing there. In Oklahoma, I have tried to lift the vision of a lot of our people about the importance of international trade and it is a constant battle to try to convince a lot of people that investments have to be made. At my alma mater at Oklahoma state we have established an international trade area.

Also, I have the honor of a lectureship that is in my name and I would like to visit with you sometimes about coming maybe to Oklahoma and those hardy people there that have got that stick-to-it-ness and maybe share and lift the vision of our people concerning Vietnam and the potential and all there. We have been making investments in that country, time, energy, and money, and I know Mr. Clark is going to be on the next panel, but I think I could always use some great help in trying to be more positive about what we are trying to do in that area of the world. So I would like to visit with you afterward.

Ambassador PETERSON. I would be happy to help in any way that I can. I have to tell you that your trade missions—trade delegations from Oklahoma have been probably the most successful of any that we have had visit Vietnam, very professional, very focused, and have really given a boost to the process.

Mr. WATKINS. Well, as a daddy, I am just trying to catch up. My son has already been there, and when the opening—so I hate for him to always say, daddy, I have already been there. So I need to catch up, Mr. Chairman.

Thank you, Mr. Ambassador, for what you are doing.

Chairman CRANE. I did not realize, Wes, that your son served in Vietnam.

Mr. WATKINS. No, he is a world traveler. He majored in international trade. He did not serve in Vietnam. He got his degree in international trade, and I think he figured out a way to travel around the world, Mr. Chairman, and he has been there.

Chairman CRANE. I want to thank you very much, Pete. It is a delight always to have the opportunity to share time with you and to get your insights, especially from the perspective that you bring to this debate, and we look forward to ongoing contacts with you and hopefully we can get our Trade Subcommittee on a trip over there. We will continue working on that and look forward to visiting with you over there, too. And in the interim any way we can be of assistance you let us know.

Ambassador PETERSON. Thank you very much, Mr. Chairman.

Chairman CRANE. Thank you.

Now our next panel: Virginia Foote, President of the U.S. Vietnam Trade Council; Y Hin Nie, President, Montagnard Dega Association, Inc.; Juels Carlson, Associate, Cargill, on behalf of the U.S.-ASEAN Business Council; Dan Hoang, Vice President, Public Relations, Vietnamese-American Public Affairs Committee; and Barry Clark, the Director, Oklahoma Vietnam Office, Oklahoma Department of Commerce, and President and Director, Pacific Ventures, Inc., in Tulsa, Oklahoma.

And if our witnesses will please all take their seats. I would remind you again we will have your presentations in the order that I presented you. If you can keep your oral testimony to 5 minutes, let me assure you that any printed testimony will be made a part of the permanent record.

With that, we shall proceed first with Virginia Foote.

**STATEMENT OF VIRGINIA B. FOOTE, PRESIDENT, U.S.-
VIETNAM TRADE COUNCIL**

Ms. FOOTE. Thank you, Chairman Crane and members of the subcommittee. I am pleased to be here today representing the U.S.-Vietnam Trade Council to testify in strong support of the Jackson-Vanik waiver renewal for Vietnam. As you suggested, I will submit my full statement into the record and we have fact sheets on Jackson-Vanik and NTR plus a chronology of the normalization process which I would like to submit into the record as well.

The Vietnam Trade Council was founded in 1989 as a trade association. We have strong membership within the American business community. We have offices in Washington and Hanoi, and have worked through our educational affiliate, the U.S.-Vietnam Forum, to help improve relations between the United States and Vietnam with educational exchange programs, annual conferences, congressional delegations, and programs designed to provide assistance on international trade norms and standards.

Today I would like to address why the renewal of the Jackson-Vanik waiver for Vietnam is so important for both the United States and Vietnam. As we discussed earlier, beginning in the late eighties Vietnam's government committed to end its isolation and began working to normalize relations worldwide. The Reagan, Bush and Clinton administrations recognized Vietnam's goal of ending its international isolation and responded with a policy of normalizing relations with Vietnam through a step-by-step process pegged to cooperation on the U.S.'s principal goal of seeking the fullest possible accounting for our missing in action from the Vietnam War.

Since the normalization process between the U.S. and Vietnam has moved far more slowly than other nations did, American business involvement in Vietnam has lagged behind other nations and still operates with severe handicaps. Without NTR status, a trade agreement and initially without trade support programs, American companies nonetheless began traveling, investing, and trading with Vietnam. Today the United States is the ninth largest investor, with slightly over \$1 billion committed to foreign investment projects and a billion in two-way trade. Two-way trade is up 30 percent the first quarter of the year 2000.

But Vietnam's impressive foreign direct investment growth peaked in 1996. It has dropped substantially since then. For Vietnam the easy parts of economic reform have been accomplished. Harder issues loom large and important steps toward reform have been postponed or avoided. But important economic reform continues to be made in Vietnam, albeit slowly.

One of the most significant recent reforms for the domestic private sector in Vietnam is the enterprise law, which came into effect in January this year. Since that time, 5,000 new private enterprises have been started in Vietnam. The number of enterprises founded since the law went into effect in January equals the numbers founded in the previous 9 years put together.

Vietnamese businesses and foreign investors will not be successful until additional reforms are made, and Vietnam knows this. Toward this end, additional commercial reform is under way in the banking-insurance sector, customs law, and competition policy;

they are working to eliminate the burdensome registration and licensing procedures; intellectual property rights are being protected and administrative procedures are being streamlined.

The international community is involved in these reforms. Specifically through AID projects, the U.S.-Vietnam Trade Council is working on the bilateral trade agreement and legal reform in general. It is in this complex and changing economic environment that the U.S. and Vietnam are hoping to finalize a bilateral trade agreement, and once again Congress is discussing the annual waiver of Jackson-Vanik.

On the merits of the progress in the ROVR program alone, Jackson-Vanik ought to be renewed. In assessing orderly departure programs, Jackson-Vanik ought to be renewed. But on the economic front the renewal of Jackson-Vanik is equally important for achieving U.S. Goals. American involvement in the economic integration process is welcomed in Vietnam and is extremely important to our mutual development and relations there overall.

Americans set a high standard for trade investment, labor and business practices. The Jackson-Vanik waiver plus a bilateral trade agreement pave the way for normal trade relations, which is the crucial goal for both sides. While Vietnam has extended NTR status to goods entering the United States, the U.S. has not done the same for Vietnam, making it one of only six countries that do not have NTR status.

Yes, Vietnam has a corruption problem. Yes, Vietnam is bogged down in its bureaucracy and constituency driven decisionmaking process. But are these problems unique to Vietnam? They are not.

The Jackson-Vanik waiver is a crucial building block of bilateral trade relations, allowing Ex-Im and OPIC programs to continue for American companies in Vietnam.

Vietnam's strategic and economic role in the region will be greatly affected by U.S. policy, and this bilateral policy of a step-by-step process of normalizing relations with Vietnam, while slow, has produced positive results for American interests. The Jackson-Vanik waiver has produced important results since the initial waiver was issued by the President in 1998, and on behalf of my membership I urge to you renew the waiver again this year.

Thank you.

[The prepared statement follows:]

Statement of Virginia B. Foote, President, U.S.-Vietnam Trade Council

Chairman Crane, members of the Committee, I am pleased to be here today representing as the U.S.-Vietnam Trade Council to testify in strong support of the Jackson-Vanik waiver renewal for Vietnam. If there are no objections, I would like to submit for the record two fact sheets we have put together on the importance of this waiver and NTR status, and a chronology of the overall normalization process between the United States and Vietnam, which began in the Reagan Administration.

The U.S.-Vietnam Trade Council, founded in 1989, is a trade association with strong membership from the American business community. With offices in Washington D.C. and Hanoi we have worked along with our educational affiliate, the U.S.-Vietnam Forum, to help improve relations between the United States and Vietnam with educational exchange programs, annual conferences, Congressional delegations and programs designed to provide assistance on international trade norms and standards.

Today I would like to address why the renewal of the Jackson-Vanik waiver for Vietnam is so important to both the United States and to Vietnam. Beginning in the late 1980's Vietnam embarked on a bold economic reform program, which

showed impressive results almost immediately. Vietnam went from near famine to become the third largest rice exporter behind Thailand and the United States in a matter of a few years. Growth rates climbed to 8 and 9%. Foreign investors flocked to Vietnam. From 1988 – 1999 over \$36.6 billion in foreign investment was committed. Vietnam had a very low per capita income of approximately \$250 per year in the early 1990s and the international donor community began generous overseas development assistance programs, reaching pledges of \$2.8 billion for 1999. Total ODA committed since 1993, when Vietnam became eligible, to the end of 1999 equals \$16 billion. (UNDP Hanoi).

Also beginning in the late 1980's, the Vietnamese government committed to end its isolation and began working to normalize relations worldwide. In this area, Vietnam has had tremendous success in establishing relations in Europe, within Asia and with the United States. Vietnam joined ASEAN in 1995, APEC in 1998, and now belongs to over a dozen international organizations. Vietnam has observer status in the WTO and is committed to joining.

The Reagan, Bush and Clinton administrations recognized Vietnam's goal of ending its international isolation and responded with a policy of normalizing relations with Vietnam through a step-by-step process pegged to cooperation on the U.S.'s principal goal of seeking the fullest possible accounting for our missing in action from the Vietnam War.

As the attached timeline shows, this process has proceeded slowly through three administrations but has led to the lifting of the trade embargo, the establishment of diplomatic relations and the beginnings of economic normalization including the initial waiving of the Jackson-Vanik amendment in 1998. On its part, Vietnam has greatly enhanced its efforts on issues of high priority to the U.S. including the MIA efforts, immigration goals, and now economic integration. Just the latest in a long line of normalization steps, in March of this year Secretary of Defense William Cohen became the first US Defense Secretary to visit Vietnam since the end of the War.

Since the U.S. normalized relations far more slowly than other nations did, American business involvement in Vietnam has lagged behind other nations and still operates with severe handicaps. Without NTR status*, a trade agreement, and initially without trade support programs, American companies and individuals nonetheless began traveling, investing and trading with Vietnam. Today the U.S. is ninth largest investor with slightly over \$1.0 billion commitment to foreign investment projects, and \$899 million in two-way trade. And two-way trade is up 30% in the first quarter of 2000.

And Americans are traveling to Vietnam in great numbers. In 1997 Vietnam issued 98,000 visas for Americans wishing to travel to Vietnam, over 66,000 for Vietnamese Americans wanting to visit their homeland. In 1998, Vietnam issue 180,000 for all Americans. In 1999 the Embassy of Vietnam in DC alone issued 64,386 visas to Americans traveling to Vietnam, 46,113 of those were to Vietnamese Americans.

By 1996, Vietnam's impressive FDI growth had peaked at \$8.6 billion. Foreign investment dropped by 40% in 1997 to \$4.6 billion and has continued to decline since. In 1998, FDI commitments totaled approximately \$3.8 billion and in 1999 dropped to \$1.5 billion. Official GDP growth rates were calculated at around 5% in 1998 and 4.7% in 1999, a ten-year low. Independent observer estimates are even lower. The IMF estimates that growth rates may have actually been as low as 3–3.5 percent in 1999. In 1999 unemployment climbed to 7.4 percent from a low of 5.9 percent in 1996. And although Vietnam was in a sense one step removed from the Asian financial crisis with a non-convertible currency and plans for a stock market still in the works, 70% of its foreign investment nearly and 70% of its international trade had been coming from Asian countries, and therefore saw a dramatic decrease.

For Vietnam, the easy parts of economic reform have been accomplished. Harder issues loom large and important steps towards reform are often postponed or avoided. But important economic reforms continue to be made in Vietnam, albeit slowly. One of the most significant recent reforms for a domestic private sector is the Enterprise Law, which came into effect this January 2000. Since that time the 5,000 new enterprises have been founded in Vietnam with a total registered capital of US\$285.7 million. These figures are very significant given the small size of Vietnam's fledgling private sector. The number of enterprises founded since the law went into effect in January equals the number founded in the previous nine years. This figure does not include the 2,647 enterprises in Ho Chi Minh City alone who have switched to new business fields or expanded their operations, investing a combined \$67.7 million.

But Vietnamese businesses and indeed foreign investors will not be successful unless additional reforms are made. Towards this end, additional commercial law re-

form is underway in the banking and insurance sector, customs law, competition policy, the elimination of burdensome registration and licensing procedures, intellectual property protection, and administrative procedures. With the support of USAID, the Trade Council's educational affiliate is actively involved in supporting these efforts with expert technical assistance. The United States should do more in this area—and could do more in this area.

How? As a step towards fully normalized relations, the U.S. required the current government of Vietnam in Hanoi to repay the \$145 million debt the former South Vietnamese government owed to the U.S. While it was an extremely bitter pill for Vietnam to assume this debt, since 1997, Vietnam has been making multi-million dollar payments to the U.S. Treasury. This year Vietnam will make payments totaling around \$8.0 million and payments range from \$6–12 million annually until the year 2019. This debt money could be put to tremendous use through a fund focused on educational programs, technical assistance work, and business and legal training.

During the cold war period, it is estimated nearly two hundred thousand Vietnamese students spent their college, post-graduate, and additional training years in universities and institutes in the former Soviet Union and Eastern Europe. In this post-cold war period when an educated and trained population is key to a country's success, a comparatively small tens of hundreds students are coming to the U.S. each year, due to the lack of funds. This year some 1800 Vietnamese students are studying in the U.S. The Vietnamese government just recently has committed to funding 400 students abroad annually. Would it not serve both Vietnamese and American interest to see these numbers grow dramatically? A debt settlement fund could be used to help address this problem as well.

It is in this complex and changing economic environment that the U.S. and Vietnam are hoping to finalize a bi-lateral trade agreement and once again the Congress is discussing the annual waiver of the Jackson-Vanik amendment.

Initially U.S. policy pegged the Jackson-Vanik waiver to progress on the ROVR program specifically and immigration in general. While difficult to reach agreement on, the implementation of the program has been fairly smooth and rapid. The State Department reports that the government of Vietnam has cleared over 96% of the ROVR cases. On the merits of progress on the ROVR alone, Jackson-Vanik ought to be renewed again this year. And in assessing the Orderly Departure immigration program overall, Jackson-Vanik ought to be renewed. Approximately half a million Vietnamese have come to the United States under ODP. Only a small number of ODP cases remain to be processed. Since the initial waiver of Jackson-Vanik, the Vietnamese have allowed all remaining ODP cases—including the Montagnard cases which are of particular concern to the U.S.—to be processed under the new and far quicker system developed by the Vietnamese initially just for ROVR cases.

The ODP office in Bangkok has been closed and responsibility for handling the few remaining cases successfully transferred to the Refugee Resettlement Section (RRS) at the Consulate General of Ho Chi Minh City, which opened in August 1999. Interviews of remaining ODP and ROVR applicants, of which a few hundred remain, are expected to be completed by the end of 2000.

On the economic front, the renewal of a Jackson-Vanik waiver is equally important for achieving U.S. goals. American involvement in the economic integration process is welcome in Vietnam and could be extremely important to overall development in the long run. American companies and government negotiators set a high standard for trade, investment, labor and business practices. American management and technology is greatly admired in Vietnam. American companies are actively involved in training programs through the Trade Council and individually. American products are popular. With a population of 77 million with over half under the age of 25 and well educated, Vietnam has great potential as a significant trading partner.

The Jackson-Vanik waiver, plus a bi-lateral trade agreement will lead the way for normal trade relations, a crucial goal for both sides. While Vietnam has extended NTR status to goods entering from the United States, the U.S. has not done the same for Vietnam and it remains one of only 6 countries that do not have NTR status from the U.S, including Afghanistan, Cuba, Laos, North Korea, Serbia, and Vietnam.

Vietnam has signed an agreement in principle with the U.S. on a bilateral trade agreement in July last year and finally appears now to be in the final stages of its internal decision making process on the signing a final document. The issues in the agreement, such as liberalizing the trade and investment regimes and the strengthening of intellectual property rights, are of great importance to anyone doing business in Vietnam, now or in the future, or anyone hoping to see Vietnam's standard of living increase.

The United States should stay involved in this process. It is in our interest to see an economically healthy Vietnam in the Southeast Asian region. The Economist Intelligence Unit estimates that although GDP growth will continue to fall in 2000 to 4.2% but the completion of a bilateral trade agreement with the US this year could boost Vietnam's GDP growth to 5.9 % in 2001. With fully normalized economic relations, the United States could well join the top ranks of investors in Vietnam.

Yes, Vietnam has a corruption problem. Yes, Vietnam is bogged down by its bureaucracy and conscientious driven decision making process. Yes, the vested interests are fighting reform. Yes, there is fear of massive unemployment if their companies can't compete. Yes, they worry about what lessons are to be learned from the economic crisis in the region and the role of foreign interests. But are these problems unique to Vietnam? They are not.

Vietnam was slow to set out on an economic reform path that other countries in the region began years earlier. And it has been a slower process in Vietnam than many hoped and therefore it has not been easy for our companies to operate there. But the Jackson-Vanik waiver is a crucial building block of bi-lateral trade relations allowing Ex-Im Bank and OPIC to open programs for American companies doing business in Vietnam. In 1999 the framework agreements, which allow Exim to begin operations in Vietnam were completed, and OPIC made its first loan to an American company operating in Vietnam. Operations of both Exim and OPIC programs are dependent on a renewal of the Jackson-Vanik waiver.

Vietnam's strategic and economic role in the region will be greatly affected by U.S. policy overall and by the course of bilateral relations in the short run. The bipartisan policy of a step-by-step process of normalizing relations with Vietnam, while very slow, has produced positive results for American interests. The Jackson-Vanik waiver has produced important results since the initial waiver by President Clinton in March of 1998 year and it is crucial that the waiver be renewed again this year at this important time in our relationship. On behalf of our membership, I urge your favorable consideration.

Thank you.

VIETNAM NTR STATUS AND THE BILATERAL TRADE AGREEMENT

- **Why does the U.S. need a bilateral trade agreement with Vietnam?**

A bilateral trade agreement with Vietnam is important to the U.S. because, together with the Jackson-Vanik waiver, it allows for Normal Trade Relations (NTR) status to be extended to U.S. goods entering Vietnam, and reciprocally to Vietnamese goods entering the U.S. The bilateral trade agreement, which addresses issues relating to trade in goods, trade in services, intellectual property rights and foreign investment, not only guarantees NTR but creates more open market access, and greater transparency for U.S. exporters and investors in Vietnam. Through this trade agreement and provision of NTR status, the U.S. will receive the same status that Vietnam affords its other trading partners such as the EU, Australia and Canada.

- **How does Vietnam receive NTR status under U.S. Law?**

In order to receive NTR status from the U.S., the following criteria must first be met under Title IV of the Trade Act of 1974, as amended: 1) A waiver of the Jackson-Vanik Amendment must be renewed annually by the President; and 2) the U.S. and Vietnam must conclude a bilateral trade agreement. Once the two governments sign a bilateral trade agreement, it will be submitted to Congress with a request for the granting of NTR for Vietnam. Non-discriminatory treatment can only be extended through a joint "approval resolution" passed by both the House and the Senate. NTR status for Vietnam would then be subject to annual renewal each summer through the continuation of the Jackson-Vanik waiver. Currently, countries that do not have NTR status are Afghanistan, Cuba, Laos, North Korea, Serbia & Montenegro, and Vietnam.

- **What are the Congressional procedures?**

Pursuant to Section 152 (b) of the Trade Act of 1974, as amended, an approval resolution for NTR status is first introduced (by request) to the House and the Senate and then is referred to the House Ways and Means Committee and the Senate Finance Committee. Both the House and the Senate must vote in favor of NTR for it to be granted. Because Vietnam is a Jackson-Vanik country, the NTR request has built-in procedures for Congressional consideration—the agreement cannot be amended and the request must be voted on by the House and the Senate within 60 session days from when the President's request is submitted to Congress, with a maximum of 45 legislative days in committee and 15 days on the floor within which time a vote must be taken. Debate on the floor is limited to 20 hours each for both Houses. Upon Congressional approval and a Presidential signature, diplo-

matic notes are exchanged between the two sides, formally extending reciprocal NTR status.

THE JACKSON-VANIK AMENDMENT FOR VIETNAM

- **What is the Jackson-Vanik Amendment?**

It is an amendment to the U.S. Trade Act of 1974, that precludes the participation of 30 some non-market economy countries in any U.S. Government program that extends credits or credit and investment guarantees if the country restricts emigration. Before the waiver was issued, American projects in Vietnam were not eligible for assistance from the Export-Import Bank (Ex-Im) or the Overseas Private Investment Corporation (OPIC). To remove this restriction on a country such as Vietnam, the President must either certify that the country permits free emigration, or the President can waive the emigration requirement on the grounds that the waiver will promote U.S. emigration objectives.

On March 11, 1998, President Clinton issued a Jackson-Vanik waiver for Vietnam based on improvements of emigration procedures, particularly its cooperation on the Resettlement Opportunity for Vietnamese Returnees (ROVR). The waiver must be renewed annually. On July 30, 1998, the U.S. House of Representatives voted 260-163 in favor of extending the waiver for Vietnam. When the waiver was first issued in March 1998, American projects in Vietnam became potentially eligible for trade and investment support programs such as the Export-Import Bank of the U.S. (Ex-Im) and the Overseas Private Investment Corporation (OPIC). In June, 1999 President Clinton extended the waiver to Vietnam again, and on August 3, 1999 the House of Representatives renewed the waiver by a vote of 297 in favor and 130 opposed. The President has requested a renewal for the year 2000.

- **Why the Jackson-Vanik waiver is important?**

The availability of export promotion programs is a critical factor in a number of major procurement decisions being made now in Vietnam. The Jackson-Vanik waiver also allows the U.S. Department of Agriculture and the U.S. Maritime Administration to make their trade support programs available for projects in Vietnam. The ability of U.S. companies to utilize these programs now places them on a more level playing field with their foreign competitors who have enjoyed a high level of government support for their projects in Vietnam. Though the U.S. currently is the ninth largest investor in Vietnam, the investment and trade opportunities for U.S. companies could expand significantly with continued availability of Ex-Im and OPIC financing.

- **What role does Congress play now?**

On an annual basis, the President must submit to Congress by June 3rd a request to renew his authority to issue waivers of the Jackson-Vanik amendment in principle, and a decision to continue waivers for individual countries where he determines this will substantially promote freedom of immigration from that country. Congress then has the opportunity to reject the overall authority, or to withhold it for an individual country through a joint resolution of disapproval, which must pass both the House and Senate before September 1st. If Congress does not act the authority is automatically renewed.

- **What the 2000 Jackson-Vanik waiver for Vietnam does not do:**

The waiver does not grant Normal Trading Relations (NTR, formerly MFN) status to Vietnam as the Jackson-Vanik waiver is only one step in the NTR process. A bilateral trade agreement must first be negotiated and signed and then Congress must vote whether or not to approve the granting of NTR status to Vietnam. Vietnam and the U.S. signed an agreement in principle on July 25, 1999 on a trade agreement. It is hoped that the agreement will be concluded in the year 2000.

Chronology of U.S.-Vietnam Relations

April 30, 1975—North Vietnamese forces take over the southern part of Vietnam, ended the war and unified the country. Washington extends embargo to all of Vietnam and breaks diplomatic relations.

1978—Secret talks between Hanoi and Washington on normalizing relations break down

1988—Under the Reagan Administration, Vietnam begins cooperation with United States to resolve fate of American servicemen missing in action (MIA)

September 1989—Vietnam completes Cambodia withdrawal.

April 1991—Under the Bush Administration, Washington presents Hanoi with "roadmap" plan for phased normalization of ties. The two sides agree to open U.S. government office in Hanoi to help settle MIA issues.

April 1991—U.S. begins humanitarian aid projects for war victims to be administered by U.S. Agency for International Development (USAID).

October 1991—Vietnam supports U.N. peace plan for Cambodia. Secretary of State James Baker announces Washington is ready to take steps toward normalizing relations with Hanoi.

December 1991—Washington lifts ban on organized U.S. travel to Vietnam.

1991—U.S. Congress authorizes the United States Information Agency (USIA) to begin exchange programs with Vietnam.

April 1992—Washington eases trade embargo by allowing commercial sales to Vietnam for basic human needs, lifts curbs on projects by U.S. non-governmental and non-profit groups and allows establishment of telecommunications links with Vietnam.

July 2, 1993—President Clinton clears way for resumption of international lending to Vietnam.

September 13, 1993—Clinton eases economic sanctions to let U.S. firms join in development projects.

January 27, 1994—Senate in favor of a resolution urging the Administration to lift embargo, saying this would help get a full account of MIAs.

February 3, 1994—President Clinton lifts trade embargo.

January 28, 1995—United States and Vietnam sign agreements settling old property claims and establishing liaison offices in each other's capitals.

May 15, 1995—Vietnam gives U.S. presidential delegation batch of documents on missing Americans, later hailed by Pentagon as most detailed and informative of their kind.

June 1995—Veterans of Foreign Wars announces support of U.S. normalization of diplomatic relations with Vietnam.

July 11, 1995—President Clinton announces "normalization of relations" with Vietnam.

August 6, 1995—Secretary of State Warren Christopher visits Hanoi and officially opens U.S. embassy.

May 1996—U.S. presents Vietnam with trade agreement blueprint.

July 12, 1996—U.S. National Security Adviser Anthony Lake visits Hanoi to mark first anniversary of normalization and press forward on slow-moving economic and strategic ties, stressing that MIA issue tops Washington's agenda.

April 7, 1997—U.S. Treasury Secretary Robert Rubin and Finance Minister Nguyen Sinh Hung sign accord in Hanoi for Vietnam to repay debts of approximately \$145 million, which Vietnam assumed from former government of South Vietnam.

April 10, 1997—Senate confirms Douglas "Pete" Peterson, Vietnam War veteran and former prisoner of war, as Ambassador.

April 16, 1997—United States and Vietnam reach agreement on providing legal protection for copyright owners.

May 9, 1997—Peterson takes up post as U.S. Ambassador in Hanoi.

May 9, 1997—Vietnam's Ambassador to the United States, Le Van Bang, arrives to take up post in Washington, DC June 1997—Secretary of State Madeleine Albright attends ceremony to lay cornerstone for U.S. consulate in Ho Chi Minh City.

August 1997—U.S. government under the U.S. Agency for International Development (USAID) begins a commercial law program.

October 1997—Vietnam institutes new processing procedure in ROVR program significantly improving progress.

November 1997—Vietnam opens consulate in San Francisco, CA

March 1998—U.S. opens talks on a Civil Aviation Agreement held.

March 10, 1998—President Clinton issues waiver of Jackson-Vanik Amendment for Vietnam, paving the way for OPIC, EXIM, USDA and MARAD operations.

March 19, 1998—OPIC and the Government of Vietnam signed a new Investment Incentive Agreement, allowing OPIC to offer services in Vietnam.

March 26, 1998—Minister of Planning & Investment Tran Xuan Gia and Ambassador Pete Peterson finalize signing of the OPIC bilateral for Vietnam.

July 23, 1998—The U.S. Senate votes 66-34 to continue funding for the U.S. Embassy in Vietnam based on ongoing cooperation on the POW/MIA issue.

July 30, 1998—The U.S. House of Representatives passes the Jackson-Vanik waiver for Vietnam by a 260 to 163-vote margin.

October 1998—Deputy Prime Minister and Foreign Minister Nguyen Manh Cam make Vietnam's highest-level visit to Washington since normalization.

October 1998—Deputy Prime Minister Hanh visits U.S. for planning meeting on military-to-military activities.

October 1998—U.S. and Vietnam agree to negotiate a Science & Technology Agreement.

December 28, 1998—Bilateral Copyright Agreement enters into force.

January 1999—EXIM team visits Vietnam to negotiate an EXIM bilateral agreement.

January 29, 1999—The U.S. receives a proposal from the Vietnamese indicating substantial progress on the U.S.-Vietnam bilateral trade negotiations.

March 1999—The most recent round of trade talks are held in Hanoi.

June 1999—Trade talks held in Washington, DC—Ambassador Barshefsky cites progress, noting that the number of remaining issues had been significantly narrowed in this negotiation.

June 30, 1999—President Clinton re-extends the Jackson-Vanik waiver for Vietnam

July 25, 1999—Negotiators from the U.S. and Vietnam agree to a bilateral trade agreement in principle in Hanoi, Vietnam

August 3, 1999—The Jackson—Vanik waiver passes the House by a vote of 297 to 130.

August 16, 1999—The U.S. opens a consulate in Ho Chi Minh City

September 1999—President Clinton and Prime Minister Phan Van Khai speak informally at the APEC summit in New Zealand.

September 5–7—Secretary Albright visits Vietnam

November 30, 1999—The first OPIC investment in Vietnam is announced—a \$2.3 million loan to Caterpillar Inc.'s authorized dealership in Vietnam.

December 9, 1999—Ex-Im and the State Bank of Vietnam complete the framework agreements, which allow Ex-Im to begin operations in Vietnam.

March 13, 2000—Secretary of Defense William Cohen became the first US Defense secretary to visit Vietnam since the end of the War.

Chairman CRANE. Thank you.

Mr. Nie.

**STATEMENT OF Y HIN NIE, PRESIDENT, MONTAGNARD
ADVOCACY, INC., GREENSBORO, NORTH CAROLINA**

Mr. NIE. Honorable Philip Crane, ladies and gentlemen, my name is Y Hin Nie. On behalf of the Montagnard community, I want to thank Congressman Crane for his help bringing this hearing together. Further, I want to thank the Members of the Subcommittee for holding the hearing on U.S.-Vietnam trade relations, and we place our trust in today's hearing.

Today, I want to emphasize that there is not free immigration for Montagnards in Vietnam. The waiver of the Jackson-Vanik amendment has not promoted free immigration for Montagnards. There are many obstacles for Montagnard family members to reunite with their loved ones in Vietnam.

I would like to remind this legislative body that the Montagnards have been punished today because Montagnard soldiers were allies of the U.S. Army during the Vietnam War. There is extreme prejudice to our people for this reason, and other reasons.

Almost all the people are Christians. They are not allowed under Hanoi to worship freely. The Christian church under Hanoi authority is not permitted to practice their religious beliefs. Many Montagnards became Christians through the effort of American missionaries in Vietnam. Most Members of this Committee are probably not aware that the Vietnamese government does not permit any Protestant church to exist throughout the entire central highlands. This basic human right is denied to our people. Also, this same basic human right that allows families to be together is restricted from our people.

The Jackson-Vanik waiver should not be renewed because in the last year, the Montagnard people still have terrible obstacles to

travel freely and to unite with their loved ones. Even when we communicate by letter, local security tears letter and sends less than one piece of four pieces to the children in Vietnam.

Many of you not may know that we, as American citizens, when we return to Vietnam are harassed by local police. The local security demand that we answer questions about other Montagnards living in our community. We are treated as enemy in our home. Americans citizens should not be treated that way in Vietnam. And we are Montagnard-American citizens when we return to visit our families.

Vietnam may be a police state, but we refuse to become a tool of the Hanoi government simply because we love our family and we miss them. This situation happened every single time when we return to family in Vietnam.

Montagnard families still have to pay huge bribe money or land to get emigration documents that U.S. and Hanoi requires. The Vietnamese government still investigates Montagnards as terrorists.

I would like to emphasize to our U.S. Department of state that in Vietnam the Montagnards have right to remain eligible under refugee status. We have been persecuted people in Vietnam and that situation has not changed.

With respect to the aforementioned issue, on behalf of the Montagnard people I would like to strongly encourage this Subcommittee to support Jackson-Vanik of 1974 in hopes that issues concerning human rights in Vietnam and emigration practices of Hanoi authority may be overcome. The Clinton administration should not renew Jackson-Vanik waiver until Montagnard and other ethnic minority groups in Vietnam are allowed freely to emigrate, practice their religion, and allow them to travel free in the central highland of Vietnam and allow them free movement for NGO assistance with humanitarian aid.

Please, this is the only honorable and just course of the U.S. in its relationship in Vietnam. The Jackson-Vanik waiver should not be renewed at this time.

May God bless you and the United States of America. Thank you, Mr. Chairman.

[The prepared statement follows:]

Statement of Y Hin Hie, Montagnard Advocacy, Greensboro, North Carolina

Ladies and Gentleman

My name is Y Hin Nie. On behalf of the Montagnard Community, I want to thank Congressman Crane for his help in bringing this hearing together. Further, I want to thank the members of the Subcommittee for holding this hearing on U.S.-Vietnam trade relations, and the President decision to possibly renew the Vietnam trade waiver under Jackson/Vanik amendment to the act of 1974. We also appreciate their interest and assistance in the matter of emigration policies and practices in Vietnam, particularly, in Montagnard Reunification family's cases. I would like to state again, the Montagnard people believe in the trustworthiness of the United States of America as a leader in democratic freedom. We place our trust in today hearing.

Today, I want to emphasize that there is not free emigration for Montagnards in Vietnam. The waiver of Jackson/Vanik Amendment has not promoted free emigration for Montagnards. There are many obstacles for Montagnard family members to be reunited with their loved-ones in Vietnam. I would like to remind this legislative body that the Montagnards have been punished today because the Montagnard soldiers were allies of the U.S. Army during Vietnam War. There is extreme prejudice towards our people for this reason and other reasons.

Almost all of our people are Christian and we are not allowed under the Hanoi authority to worship freely. The Christian Church under Hanoi authority does not yet permit the practice of our religious beliefs. Many Montagnards became Christian through the efforts of American Missionaries in Vietnam. Most members of this committee are probably not aware that the Vietnamese Government does not permit any Protestant church to exist throughout the entire Central Highlands. This basic human right is denied to our people. This same basic right to allow families to be together is restricted from our people. The Jackson/Vanik waiver should not be renewed because in the last year, our Montagnard people still have terrible obstacles to travel freely and be reunited with the loved ones. Even when we communicated by letter local Security in Vietnam pears letters and send last that 1 of 4 pieces to their children in the U.S.

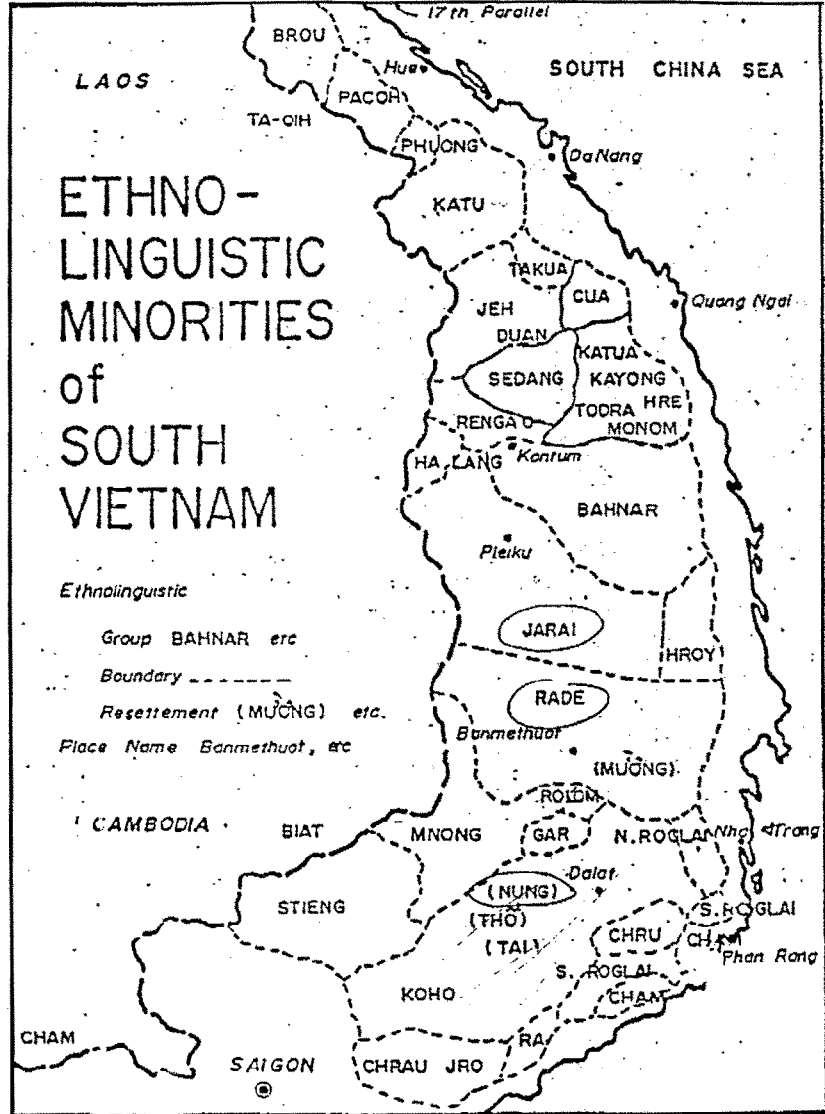
Many of you may not know that we, as American citizens when we return to Vietnam, are harassed by the local police. The local security demands that we answer questions about other Montagnards living in our community. We are treated like enemies in our own homes. Americans should be not treated this way in Vietnam and we are Montagnard American citizens when we return to visit our families. Vietnam may be a police state, but we refuse to become tools of the Hanoi government simply because we love our families and we miss them. This situation happens every single time when we return to visit our families in Vietnam.

Montagnard families still have to pay huge bribes, money or land to get emigration documents that the U.S. and Hanoi require. The Vietnamese government still investigates our Montagnard people as terrorists.

I would like to emphasize to our U.S. Department of State that Montagnards have the right to remain eligible under refugees' status. We have been a persecuted people in Vietnam and that situation has not changed.

May I make very clear today, the war is over and families should be together. The Montagnard community is peaceful and honorable. We respect the laws of Vietnam, but we Hanoi must modify its views today. The relationship between the United States and Hanoi government must also change. The Montagnard people are no longer the enemy of Hanoi Government. We all deserve to be free human beings in a humanitarian world!

With respect to the afore mentioned issues, and on behalf of the Montagnard people; I would like to strongly encourage this subcommittee to support the Jackson/Vanik Amendment of 1974 in the hope that issues concerning human rights in Vietnam and emigration practices of Hanoi authority may be overcome. The Clinton Administration should renew the Jackson/Vanik waiver until Montagnards and other minority groups in Vietnam are allowed to freely emigrate, practice the religion of their choosing, travel freely in the Central Highlands of Vietnam, and allow free movement for NGO assistance with humanitarian aid. Please, this is the only honorable and just course for the United States in its relationship with Vietnam. The Jackson/Vanik waiver should not be renewed at this time. May God bless you and the United States of America. Thank you.



The Montagnard Dega Association, Inc

Research Study Human Rights Committee

1993 – 1994

And

1997 – 1998

Promptly by

**Montagnard Executive Committee of
Human Rights**



When the Americans left Vietnam in 1975, certain elements of the Montagnard Dega people of the Central Highlands mounted a guerrilla movement within their ancestral lands, at the behest of the departing Americans, to whom they had been loyal throughout the years of the American presence. The Americans, on whom the guerrilla depended for support, provided none. Even so the Montagnard Dega guerrillas fought on for more than ten years, and elements of the resistance persist of this day.

In retaliation the Vietnamese government has pursued a policy of repression of all Montagnard Dega people, whether affiliated with the guerrilla movement or not. The Montagnard Dega people have been forbidden their lifestyle, their languages, their religion, their freedom. Christian marriage between Montagnards is forbidden. Cross cultural marriage with ethnic Vietnamese is government policy. This is an attempt to eradicate the Montagnard Dega culture in one generation.

The overseas Montagnard community is now launching an effort for reconciliation between the Vietnamese Government and *all* the Montagnard people. Continued loss of life and continued loss of the several thousand year old Montagnard culture must now stop.

The Montagnard Dega People of the world wish to bring to an end the hostilities that have plagued our people for decades. We wish to come to an agreement with the Vietnamese people and their government concerning the future of the Dega. We are tired of and frightened by the terrible suffering our people have endured. We are aware that we do not stand guiltless in the affairs concerning hostilities with the Vietnamese. We feel if the Vietnamese choose to come to terms with the rest of the free world then we should be able to reach an agreement concerning the world of the Dega. We, though, neither accept all blame for the hostilities with the present government of Vietnam nor do we place all blame upon them. Many of our present problems started during the French-Indochina War and were compounded greatly during the Second Indochina War between the United States, the North Vietnamese and their counter-parts in the South. The world realizes what a terrible position the Montagnard Dega were put in and that we were forced to make decisions that may not have been in the best interest of the Montagnard Dega society as a whole. We were forced to come of age quickly and made choices that were appropriate at the time. We are guilty of being naive concerning the ways of the world and its politics. We were citizens of South Vietnam and supported our country the best we could under Vietnam and supported our country the best we could under the circumstances. We have no ill feelings towards any participant of either war and are absolved of any circumstances that we are still being persecuted for. We wish for the Montagnard Dega people to be able to pursue a life from from the horrors of a life of war and rebellion. We feel the United States and the Socialist Republic of Vietnam have a moral obligation to help end all hostilities. Now is the time of healing between all nations involved in the conflicts that have plagued all of Southeast Asia for the last fifty years. As many countries and their citizens throughout the world now resolve their differences, we, the Montagnard Dega, have earned the right to resolve honorably our difference with the government of Vietnam and to be functional part of the world of Southeast Asia. We have many attributes to offer; we wish to be treated with the same dignity and respect as other persons of the free world. Following are the terms we place before the Socialist Republic of Vietnam. We are interested in making our country a beacon of light that will shine brightly through all of Southeast Asia and the world. No matter what our past differences, *we are all citizens of Vietnam*. It is time for all Vietnamese to reunify under a common goal, and we believe that by working together with the United States, the United Nations and other free world countries these reasonable goals are attainable.

The above points are hereby presented to all interested and legitimate parties. It is our wish to bring to an end the hostilities between the ethnic people of Vietnam and the Central Government of Vietnam. It is our wish that all people of Vietnam be able to live in peace and harmony, extending goodwill not only to one another but also the rest of the world. It is time for the people of the Socialist Republic of Vietnam to come together for the good of our country. If the government of the Socialist Republic of Vietnam desires an end to the hostilities that have plagued our country for many years, they will sit down with legitimate parties concerned and work out a fair and binding solution. We offer ourselves in good faith to be government of the Socialist Republic of Vietnam to act as a mediator between rival factions of the ethnic, indigenous groups and the government. We Montagnard Dega hope and pray that the Socialist Republic of Vietnam needs our call and acts appropriately.

During 1994 a detailed team study was undertaken within the North Carolina Dega community to better understand the depth of retribution by the Socialist Democratic Government of Vietnam perpetrated against the Montagnard people of the Central Highlands of (South) Vietnam. This study was concluded in late 1994. New information, when learned and verified, is added to that study. The research respondents were voluntary and no records exists of who contributed to the research. The research fell into several categories, including:

A. imprisoned/Tortured, B. Missing, C. Murdered/Death.

As information developed, a pattern of annihilation of the Montagnard people in Vietnam surfaced beyond expectations—the following documented deaths are in part the cause of the “Declaration” and are added as partial evidence of the *evidence of reconciliation...and not retribution*. If there is to be a Montagnard people in Vietnam’s future, then the door to *peaceful coexistence must* be opened today.

This study was funded by the Montagnard-Dega Association.

Chairman CRANE. Thank you, Mr. Nie.
Mr. Carlson.

STATEMENT OF JUELS CARLSON, ASSOCIATE, CARGILL, INCORPORATED, ON BEHALF OF THE U.S.-ASEAN BUSINESS COUNCIL

Mr. CARLSON. Mr. Chairman and Members of the Subcommittee, I am appearing before you today on behalf of both the U.S.-ASEAN Business Council and Cargill, Incorporated. Cargill has just assumed chairmanship of the Council’s Food and Agricultural Committee, and Vietnam is one of the 59 different countries in which Cargill has operations. The U.S. ASEAN Business Council, its over 400 member companies, and Cargill individually strongly support extension of the waiver of the Jackson-Vanik amendment for Vietnam.

The Export-Import Bank and the Overseas Private Investment Corp. programs, which waiver of the Jackson-Vanik amendment authorizes, are vital to Business Council members who rely on the support from these government agencies to level the competitive playingfield against firms from other countries that receive substantial support from their governments.

Moreover, the United States has completed negotiating a groundbreaking bilateral trade agreement with Vietnam. Since the agreement was initialed last fall, however, there has been no further action. The Vietnamese have insisted on a long internal review process that only recently shows some sign of coming to an end.

U.S. negotiators fought hard for this agreement, which is viewed by many as a stalking horse for Vietnam’s eventual entry into the World Trade Organization. The agreement is of course a prerequisite for Vietnam to receive the same reduced tariffs that all but a handful of countries receive under normal trade relations status, but all reports indicate that most of the benefits of the agreement will actually flow to U.S. individuals and companies seeking to do business with and in Vietnam, including U.S. farmers, as Vietnam opens its agricultural markets to increased imports.

This perhaps helps explain why the Vietnamese government has been spending so much time reviewing and debating the terms of the agreement since it was first initialed.

I am now working as an independent consultant to Cargill and other clients in Vietnam, Russia and the Ukraine. But in 1994, I opened a one-person office in Saigon for Cargill. Now Cargill employs over 300 people in Vietnam and has become a leading commodity trading company there. Cargill supplies fertilizer to Vietnamese farmers and corn and soybean meal to the Vietnamese feed

industry and is looking to provide U.S. commodities such as wheat, soybeans and cotton to the Vietnamese market.

In addition to the two representative offices in Hanoi and Saigon, Cargill runs two new animal feed manufacturing plants in Dong Nai and Hanoi and is building a third in Can Tho in the Mekong Delta, and it has a poultry breeding farm and hatchery. Most recently, Cargill learned it has received approval to purchase a 12 percent interest in a deep water port in Vung Tau province.

As I have outlined in my written statement, it has not been an easy road, but our business is profitable and we are not the only investor pleased with Vietnam.

Vietnam is making progress, but there is a lot more that Vietnam can do to increase foreign and domestic investments that will create jobs. In my written statement I list some of the steps Vietnam should take to improve its economy. These include things like privatizing state-owned entities and improving its banking system.

However, perhaps the most important is that the bilateral trade agreement should be signed and implemented as soon as possible. Their exporters will have new access to the world's biggest market, but the reforms that Vietnam has agreed to undertake will do even more for that country's long-term economic welfare as well as for U.S. companies seeking to do business and invest there. National treatment, transparency, improved market access, and other changes are long-awaited reforms for the Vietnamese system.

The United States can do its part by extending the Jackson-Vanik waiver and working with Vietnam to successfully implement the terms of the bilateral trade agreement. The U.S.-ASEAN Business Council and Cargill both have found over the years that engagement, both commercially and politically, builds the best bridges to peace and mutual prosperity. In fact, U.S. companies export more than just products when they invest overseas. They export U.S. values and good business practices.

For example, all of our employees in Vietnam have been trained to work under world class quality and safety standards, and we give them better wages and benefit packages, including retirement and medical insurance. For our communities we have actively participated in building relations. For example, Cargill replaced a rickety footbridge that kept washing out near our Dong Nai feed mill with a modern cement and steel bridge. We have also built school-rooms and provided supplies for neighborhood schools and provided scholarships for poor students, and the company has developed a partnership with a training center for the handicapped in Saigon, where we have donated playground equipment and a variety of other supplies on a regular basis.

But Vietnam must do its part, too, by becoming more outward thinking and responsible in today's world. Otherwise, the capital, the management resources and investors that Vietnam knows it needs to attract simply will go elsewhere.

Thank you for the opportunity to testify here today.

[The prepared statement follows:]

Statement of Juels Carlson, Associate, Cargill, Incorporated, on behalf of the U.S.-ASEAN Business Council

Mr. Chairman and members of the subcommittee, I am appearing before you today on behalf of both the US-ASEAN Business Council, and Cargill, Incorporated. The

council is a private, non-profit organization that works to expand trade and investment between the United States and the member countries of the Association of Southeast Asian Nations. ASEAN members include Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar (Burma), the Philippines, Singapore, Thailand and Vietnam. Cargill has just assumed the chairmanship of the council's Food and Agriculture Committee.

Vietnam is one of the 59 different countries in which Cargill has operations on the ground. Globally, Cargill is an international marketer, processor and distributor of agricultural, food, financial and industrial products. The company employs some 82,000 people and is headquartered in Minneapolis, Minnesota.

The US-ASEAN Business Council, its over 400 member companies, and Cargill individually strongly support extension of the waiver of the Jackson-Vanik Amendment for Vietnam. Although in Vietnam Cargill does not utilize programs such as the Export-Import Bank or the Overseas Private Investment Corporation, which waiver of the Jackson-Vanik Amendment authorizes, many business council members do. Many U.S. companies rely on the support of these government agencies to level the competitive playing field against firms from other countries that receive substantial support from their governments.

The Bilateral Trade Agreement

But, there is a much more important reason for extending the Jackson-Vanik waiver. It is the first real step toward full normalization of economic relations with Vietnam. Renewing the waiver demonstrates to the Vietnamese government and to consumers there that the United States is serious in its desire to become a full partner with Vietnam in its trade and its development.

Moreover, since President Clinton first proposed a waiver of the Jackson-Vanik Amendment a little over a year ago, the United States has completed negotiating a groundbreaking bilateral trade agreement with Vietnam. This agreement is of course a prerequisite for Vietnam to receive the same, reduced tariffs that all but a handful of countries receive under normal trade relations status. Since Vietnamese and U.S. negotiators initialed a final pact last fall, however, there has been no further action. The Vietnamese have insisted on a long, arduous internal review process that only recently shows some signs of coming to an end.

This agreement was hard-fought and contains substantial concessions for U.S. traders and investors. In fact, it is viewed by many as a stalking horse for Vietnam's eventual entry into the World Trade Organization. Unfortunately, the exact terms of the agreement are not yet published. However, all reports indicate that most of the benefits of the agreement will actually flow to U.S. individuals and companies seeking to do business with and in Vietnam. U.S. farmers also stand to realize gains as Vietnam opens its heavily protected agricultural market to increased imports.

This helps explain, for example, why the Vietnamese government has been spending so much time reviewing and debating the terms of the agreement since it was first initialed. The waiver that you are considering today will help demonstrate the U.S. government's continued commitment to the bilateral trade agreement and help pave the way for the United States to receive the many market-opening benefits and reforms that the agreement incorporates.

Cargill's Experience in Vietnam

Until December 1998, I served for almost five years as Country Manager starting up operations for Cargill, Incorporated, in Vietnam. I am now working as an independent consultant to Cargill and other clients in Vietnam, Russia and Ukraine, focusing on agricultural and food products and issues.

I am not a scholar on Vietnam and in fact had never visited the country prior to August 1994. Prior to that I opened the first Cargill office in the USSR and developed investments in Russia, Uzbekistan and Ukraine in 1990-91, so that I had a good deal of experience in doing business in centrally planned economies. This experience with state owned enterprises and with the feudal nature of multiple ministries and multiple levels of government kept me out of lots of trouble in Vietnam.

In 1994 I opened a one-person office there. Since then, Cargill's businesses have grown rapidly, despite start-up delays that were mostly caused by the Ministry of Trade, Customs, and local district officials who could block land leases on plants located outside of industrial zones. Cargill now employs some 300 Vietnamese workers in a wide range of jobs in businesses from Hanoi in the north to Can Tho in the south. Cargill now has representative offices in Hanoi and Ho Chi Minh City. The company has built and is operating two new animal feed manufacturing plants in Dong Nai and Hanoi that produce feed for poultry, cattle, swine and fish. Cargill also operates a poultry breeding farm and hatchery, which produces about half the day-old chickens in southern Vietnam. Although Cargill is in the process of selling

its global coffee and rubber businesses, Cargill has operated a warehouse facility for both those commodities, also in Dong Nai province.

Most recently, Cargill has just learned that it has received approval to purchase a 12 percent interest in the former French port at Phu My on the Thi Vai river in Vung Tau province. This infusion of capital will allow the port to make important improvements to allow the port to stop losing money and make full use of its deep water location. This will lead to reduced transportation costs for imported fertilizer and feed products from the United States and other sources. Once again, this was not an easy process, but Cargill persevered and has won this approval, just as the United States must persevere and see the bilateral trade agreement through to adoption.

Cargill has also become a leading commodity trading company in Vietnam. Cargill has been one of the largest buyers of the country's agricultural products, including coffee, rice and rubber. Cargill also supplies fertilizer to Vietnamese farmers and corn and soybean meal to the Vietnamese feed industry and is looking to provide U.S. commodities, such as wheat, soybeans and cotton, to the Vietnamese market. As in any market where Cargill invests, the company is committed to a long-term relationship with its suppliers and customers in Vietnam.

In all, in terms of capital Cargill has invested over 25 million U.S. dollars and has approval to double this amount when market conditions are appropriate. Our business is profitable, and we're not the only investor pleased with Vietnam. Companies that export clothing, footwear and furniture are doing well, as are many of the consumer product companies, all of which see sales increases to Vietnamese consumers year after year.

Positives and Negatives

Cargill has had its share of challenges in establishing itself in Vietnam. First, however, I'd like to focus on the positives, and people certainly top the list. I can't say enough about Cargill's 300 Vietnamese employees. They are the fastest learning, most loyal, hardest working and most competent people Cargill employs anywhere in the world. They are proud of what they do, and Cargill is proud of them. As a sign of our confidence in the work force there, Cargill has reduced the number of its foreign employees in Vietnam down to two.

Vietnam's strong agricultural base is another positive for a business like Cargill. Productive private farms produce a food surplus, which frees up limited surplus capital for other uses. Vietnam also has the advantage of not bearing the burden of an inefficient industrial base that plagues other centrally planned countries like Russia.

Vietnam's new industrial and export zones give foreign investors some protection from the army of officials who police and limit business activity. In some cases, these zones also provide infrastructure.

Vietnam is making progress. The government has been speeding up approvals, and some costs like land leases have been lowered, but these tend to be small and incremental steps and do not represent major changes.

I would especially like to single out the Ministry of Agriculture and Rural Development for praise. It's not perfect, but it is one of the most honest and enlightened Ministries in Hanoi. Its officials understand that food security is more tied to economic well-being than to the country's ability to produce all that it needs. They realize the critical need to build a competitive food industry, with the help of foreign investment, zero import duties and, sometimes, zero import quotas.

Studies after studies have shown that hunger persists around the world largely because poverty persists. For countries like Vietnam, where 70 percent of the labor force work in agriculture and forestry, increasing agricultural productivity can help boost the livelihood of a vast group of people.

A vital agricultural and food sector can then provide consumers with affordable and safe food. What they save on food they will spend on other products and services—all of which help to create more business activities and jobs.

Agriculture officials certainly recognize this, since agricultural growth has been robust. Industrial crops like coffee and rubber have experienced the fastest growth, while the rice yield has doubled since 1987. Vietnam is now the world's second largest rice exporter, and Cargill participates in that business.

Let me turn to some of the negatives for foreign businesses in Vietnam. Aside from Vietnam's small market, which cannot support large industrial projects, such as car manufacturing, many of the country's weaknesses lie with the government.

Not all the ministries work as cooperatively as the Ministry of Agriculture and Rural Development. In its zeal to raise revenues, the Ministry of Finance has imposed relatively high tariffs on food and feed imports, so that Vietnamese consumers and farmers end up paying more for basic needs.

To many business people, the Ministry of Trade seems to see its mission not as promoting trade, but as controlling and discouraging trade. In its concern over the need to maintain control over rice exports, the Ministry of Trade denies the Vietnamese rice farmer access to the higher prices that a free market in rice would provide.

Actions by Customs officials continue to cost investors in time and money.

Overall, government polices discourage wealth creation by Vietnamese citizens and small and medium-sized private businesses. Multiple levels of government agencies control business activities, and it seems at times there are more people involved in controlling business than in doing business. The most obvious barrier is the 80 to 90 percent income tax on all monthly income of Vietnamese citizens above 500 to 600 U.S. dollars. Most foreign investors in Vietnam see this tax as a manifestation of the government's fear that it will lose control if the citizens become wealthy and economically independent. In the same light, government officials keep a tight lid on businesses by imposing licenses and a repressive tax structure, which in effect prevent people and companies from doing business. As a result, small and medium-sized businesses that could provide new jobs simply aren't being formed.

Foreign investors in Vietnam can also face challenges at the provincial level, as provincial leaders sometimes maintain their own fiefdoms. Getting land leases outside of industrial zones continues to be very time consuming and difficult because of the ability of provincial or lower level officials to slow down or block investments. However, there are exceptions. For example, I do want to highlight the wonderful provincial leaders of Dong Nai province. Their honesty and help have netted the province many profitable investments and created many jobs for their people.

There are a number of things that Vietnam can do to increase foreign and domestic investment that will create jobs. With new investment down last year and even lower this year, creating jobs for a nation of 80 million people with an average age of about 22 years should become a national goal.

The government can tackle this on many fronts. First, the government should discourage joint ventures with state-owned enterprises. The government should stop putting more bank credits into SOEs. They tend only to be profitable when they have a monopoly, and monopolies are always costly for consumers, who must subsidize them. In reality, SOEs should be privatized, so that the market can work more efficiently.

Second, Vietnam should encourage investments in industrial zones that have the support of provincial and local officials. Investing for political reasons is finished. Competitors for foreign capital now are Thailand, South America, Eastern Europe and a host of other countries around the world. Vietnam needs competitive industries. The country does not need more plants in politically acceptable locations or in politically desirable industries such as capital intensive oil refineries that are located far from markets and raw materials.

Third, Vietnam must improve its banking system. Banks can't lend to private borrowers if they can't judge credit risks, and foreign banks can't innovate if they are not permitted to introduce new products.

Fourth, Vietnam should encourage investments in small and medium-sized businesses that can make quick decisions to grow as they gain experience. International funding should also focus on small and medium-sized businesses, so that they can start up quickly, use local materials and serve domestic and export markets. These businesses can create more jobs and develop local management skills faster than the big, capital intensive projects, whose technology sometimes becomes outdated before they are completed.

Lastly, the bilateral trade agreement should be signed and implemented as soon as possible. There is no question about the benefits of the agreement to Vietnam, as value-added exporters will have new access to the world's biggest market. But, the reforms that Vietnam has agreed to undertake will do even more for that country's long term economic welfare, as well as for U.S. companies seeking to do business and invest there. National treatment, transparency, improved market access, and the other changes—though we understand there are a number of carve-outs and exceptions—are long-awaited reforms for the Vietnam system.

Having laid out both the strengths and weaknesses of Vietnam, I am optimistic about its future. The country is well-positioned to grow: It has the people and natural resources. Thousands of overseas Vietnamese are eager to pool their talents and skills. Many corporations want to take part.

The United States can do its part by extending the Jackson-Vanik waiver and working with Vietnam to successfully implement the terms of the bilateral trade agreement. The U.S.-ASEAN Business Council and Cargill both have found over the years that engagement, both commercially and politically, builds the best bridges to peace and mutual prosperity.

In fact, U.S. companies export more than just products when they invest overseas. They export U.S. values and good business practices. For our employees, who are used to wearing flip-flops on construction sites, we require steel-toed shoes and hard-hats and safety rails. We give them better than average wages and benefits packages.

For our communities, we actively participate in building relations. Cargill, for example, replaced a rickety footbridge that kept washing out near our Dong Nai feed mill with a solid stone bridge that will last for years and be far safer for the citizenry. We used the leftover money from that project, which was raised by our employees, to build additional schoolrooms for a neighborhood school. And, the company has developed a partnership with a training center for the handicapped in Ho Chi Minh City, where we have donated playground equipment.

But Vietnam must do its part, too, by becoming more outward-thinking and responsible in today's world market. Otherwise, the capital, management resources and investors that Vietnam knows it needs to attract simply will go elsewhere.

Chairman CRANE. Thank you, Mr. Carlson.
Mr. Hoang.

STATEMENT OF DAN DUUY-TU HOANG, VICE PRESIDENT, PUBLIC RELATIONS, VIETNAMESE-AMERICAN PUBLIC AFFAIRS COMMITTEE, FALLS CHURCH, VIRGINIA

Mr. HOANG. Mr. Chairman, and Members of the Committee, I appreciate the opportunity to testify before you today. The Vietnamese-American Public Affairs Committee, a national grass-roots organization of Vietnamese American voters, strongly opposes waiving the Jackson-Vanik amendment for Vietnam for two main reasons.

First, the Vietnamese government continues to deny its citizens basic human rights. The essence of the Jackson-Vanik amendment is to promote human rights in communist world countries by conditioning the granting of U.S. investment and credits.

Second, by providing Vietnam with access to cheap U.S. Credits and investments while the Hanoi government stalls at economic and political reform is a waste of U.S. taxpayer money. Moreover, it is a signal to the Vietnamese government to continue dragging its feet on reform in all areas.

We believe that maintaining the Jackson-Vanik amendment in the case of Vietnam will help pressure the Vietnamese government for more concrete reforms. Let me elaborate on the reasons why we oppose extending the waiver.

At this moment, Dr. Nguyen Xuan Tu, a biologist and writer whose pen name is Ha Si Phu, is under strict house arrest in Dalat City in Vietnam. In the least year, authorities have raided his residence on at least two occasions, each time removing his personal computer and working papers. According to two credible sources, Human Rights Watch and the Free Vietnam Alliance, on MIA 12, 2000, the public security again entered Ha Si Phu's home and presented him with a written order threatening to bring charges of treason, which carries a maximum penalty of death. Ha Si Phu's only activity has been to write a series of essays critiquing Marxist-Leninist doctrine and advocating political pluralism.

In Hanoi, geophysicist Nguyen Thanh Giang remains under heavy police surveillance and harassment. He was jailed for 2 months in 1999 for pro-democracy writings. Since MIA of last year,

Nguyen Thanh Giang has been under virtual house arrest with his phone disconnected, mail stolen and home ransacked by security officials.

In Saigon, a medical doctor named Nguyen Dan Que also faces house arrest. While Dr. Nguyen Dan Que has not been charged with any crime, security police surround his home 24 hours a day, a point that was underscored on April 12th when a reporter from the French newspaper L'Express tried to pay a visit. Not only was Sylvaine Pasquier turned away by the public security, she was herself detained for intense questioning.

The situations of Ha Si Phu, Nguyen Thanh Giang, and Nguyen Dan Que highlight the government's repression of peaceful dissent. Ha Si Phu has been under house arrest for the last 3 years without ever being brought to trial. Professor Nhuyen Thanh Giang has been persecuted without ever being formally charged with any crime. Dr. Nguyen Dan Que was released from jail in October, 1998, in a much-publicized amnesty of prominent political prisoners and then confined quickly to his home. All three men, along with many others in Vietnam, are the victims of the government's administrative detainment policy, which effectively legalizes arbitrary arrest and detainment. Under the infamous Directive 31/CP, signed into law in April 1997, security officials can detain any individual without charge for up to 2 years. The purpose of that administrative detainment policy is to repress political dissent while avoiding the official trials and lengthy prison sentences which attract international attention.

Arbitrary arrest in Vietnam also extends to religious figures. During his January visit to Vietnam, Congressman Ed Royce met with several prominent religious leaders and heard firsthand the government's restrictions on religious worship and persecution of clergymen. Venerable Thich Quang Do, the second highest leader of the Unified Buddhist Church of Vietnam and a nominee for the 2000 Nobel Peace Prize by 29 Members of Congress, told Mr. Royce, "If I walk out the gate of this Pagoda, I know an accident will conveniently happen to me."

Now, this travesty was brought to light thanks to Mr. Royce's insistence on hearing a variety of voices in Vietnam, and I hope that Members of the Subcommittee, in future trips to Vietnam, will seek to visit dissidents to get a balanced view of the country as Representatives Ed Royce, Tom Campbell, Chris Smith and Loretta Sanchez have done on their recent trips.

It is not unreasonable that American corporations and the Vietnamese government should lobby for a waiver of the Jackson-Vanik amendment. Who would want to do business in a corrupt, red-tape, and nontransparent economy without subsidized Export-Import loans and OPIC risk insurance? What is unreasonable, however, is that U.S. taxpayers should have to fund programs which permit investments not economically viable on their own merits and which allow the Vietnamese government to put off economic and political reforms.

Dear members, in conclusion, it is in the interest of the United States to encourage Vietnam's transition to a market economy. Such a transition can only be achieved through sustained economic and political reform. Since the President's decision to waive the

Jackson-Vanik amendment in March, 1998, and to extend the annual waiver since, the Vietnamese government has backtracked on reform. Extending the waiver for another year gives Hanoi more excuse to put off essential reforms. At the same time, it creates a moral hazard as American companies effectively gamble on a flawed economic system by investing when and where they otherwise would not without the benefit of taxpayer subsidies.

Waiving the Jackson-Vanik amendment now, and then hoping and praying that the Vietnamese government will reform, just does not work. The first requirement for free enterprise is free people. As long as the Vietnamese government continues to run a police state, arbitrarily arresting and detaining the country's best minds, don't expect it to respect the laws and conditions good for business either. Thank you.

Chairman CRANE. Thank you, Mr. Hoang.
[The prepared statement follows:]

**Statement of Dan Duy-Tu Hoang, Vice-President, Public Relations,
Vietnamese-American Public Affairs Committee, Falls Church, Virginia**

Dear Mr. Chairman and Members of the Committee,

I appreciate the opportunity to testify before you today. The Vietnamese-American Public Affairs Committee (VPAC), a national grassroots organization of Vietnamese American voters, strongly opposes waiving the Jackson-Vanik amendment for Vietnam for two main reasons:

(1) **The Vietnamese government continues to deny it citizens fundamental human rights** The essence of the Jackson-Vanik amendment is to promote human rights in communist-ruled countries by conditioning the granting of U.S. government credits and investment.

(2) **Providing Vietnam with access to cheap U.S. credits and investment, while the Hanoi government stalls on economic and political reform, is a waste of U.S. taxpayer money.** Moreover, it is a signal to the Vietnamese government to continue dragging its feet on much needed reform in all areas.

Maintaining the Jackson-Vanik amendment in the case of Vietnam will help pressure the Vietnamese government for more concrete reforms. Let me elaborate on the reasons why we oppose extending the waiver.

Repression of Political and Religious Views

At this moment, Dr. Nguyen Xuan Tu, a biologist and writer whose pen name is Ha Si Phu, is under strict house arrest in Dalat city, Vietnam. In the last year, authorities have raided his residence on at least two occasions, each time removing his personal computer and working papers. According to two credible sources, Human Rights Watch and the Free Vietnam Alliance, on May 12, 2000, the public security again entered Ha Si Phu's home and presented him with a written order threatening to bring charges of treason, which carries a maximum penalty of death. Ha Si Phu's only activity has been to write a series of essays critiquing Marxist-Leninist doctrine and advocating political pluralism.

The unjust treatment of Ha Si Phu is of great concern to the Vietnamese American community. Our moral outrage is shared by many others. As I understand, there is an effort underway in the House of Representatives led by the Congressional Dialogue on Vietnam to demand the Vietnamese government to immediately release Ha Si Phu. This parallels the protests of the broader international community, including human rights organizations and scientific groups, against the Vietnamese government's persecution of Ha Si Phu. His case, though, is not unique.

In Hanoi, geophysicist Nguyen Thanh Giang remains under heavy police surveillance and harassment. He was jailed for two months in 1999 for pro-democracy writings. Since May last year, Prof. Nguyen Thanh Giang has been under virtual house arrest with his phone disconnected, mail stolen, and home ransacked by security officials.

In Saigon, a medical doctor named Nguyen Dan Que also faces house arrest. While Dr. Nguyen Dan Que has not been charged with any crime, security police surround his home 24 hours a day, a point that was underscored on April 12, 2000 when a reporter from the French newspaper L'Express tried to pay a visit. Not only was Sylvaine Pasquier turned away by the public security, she was herself detained for intense questioning.

The situations of Ha Si Phu, Nguyen Thanh Giang, and Nguyen Dan Que highlight the government's repression of peaceful dissent. Ha Si Phu has been under house arrest for the last three years without ever being brought to trial. Prof. Nguyen Thanh Giang has been persecuted without ever being formally charged with any crime. Dr. Nguyen Dan Que was released from jail in October 1998 in a much publicized amnesty of prominent political prisoners and then quickly confined to his home. All three men, along with many others in Vietnam, are the victims of the government's administrative detainment policy, which effectively legalizes arbitrary arrest and detainment. Under the infamous Directive 31/CP, signed into law in April 1997, security officials can detain any individual without charge for up to two years. The purpose of the administrative detainment policy is to repress political dissent while avoiding the official trials and lengthy prison sentences which attract international attention.

Arbitrary arrest in Vietnam also extends to religious figures. During his January visit to Vietnam, Congressman Ed Royce met with several prominent religious leaders and heard first hand the government's restrictions on religious worship and persecution of clergymen. Venerable Thich Quang Do, the second highest leader of the Unified Buddhist Church of Vietnam and a nominee for the 2000 Nobel Peace Prize by 29 U.S. Members of Congress, told Mr. Royce: "If I walk out the gate of this Pagoda, I know an accident will conveniently happen to me." (This travesty was brought to light thanks to Mr. Royce's insistence on hearing a variety of voices in Vietnam. We earnestly hope that members of the Committee in future trips to Vietnam will seek to visit dissidents to get a balanced view of the country as Representatives Ed Royce, Tom Campbell, Chris Smith and Loretta Sanchez have done in their recent trips.)

Perhaps the most worrisome part of the government's record on religion is its ongoing crackdown against the Hoa Hao faith. In May 1999, the government created a state-sanctioned Hoa Hao Representative Board consisting entirely of senior communist party cadres to oversee the affairs of the Hoa Hao Buddhist community. To curtail an independent Hoa Hao organization, authorities have repeatedly tried to stop gatherings by Hoa Hao Buddhists on their most solemn religious occasions and detained large numbers of worshippers. This climate of repression has created the potential for major social unrest in the southern provinces of Vietnam where five million Hoa Hao Buddhists live.

Waste of U.S. Taxpayer Money

It is not unreasonable that American corporations and the Vietnamese government should lobby for a waiver of the Jackson-Vanik amendment. Who would want to do business in a corrupt, red-tape, and non-transparent economy without subsidized Export-Import loans and OPIC risk insurance? What is unreasonable, however, is that U.S. taxpayers should have to fund programs which permit investments not economically viable on their own merits and which allow the Vietnamese government to put off economic and political reforms.

Everyone talks about the corruption problem in Vietnam, especially the government. But according to a Reuters article ("Despite campaign, graft hobbles Vietnam," 5/17/2000), Hanoi has nothing to show one year into a major anti-graft campaign. Not a single senior government or party official has been publicly accused, let alone punished, for corruption. The most senior official rebuked for "mismanagement," Ngo Xuan Loc, was dismissed as deputy prime minister only to quickly return as senior advisor to the premier. The root of the problem is that the communist regime is accountable only to itself.

Red tape is another legendary problem. Consider this account from the *Rushford Report* ("Vietnam, twenty-five years later," 4/5/2000): "Every small business operator one sees has a piece of paper in his or her pocket giving permission to do business, the same kind of noodle shop down the street might have a different set of papers. It is a criminal offense not to have that permission slip." The bureaucratic mess gets worse for larger ventures, especially when they involve foreigners.

Finally, there is the problem of non-transparency in Vietnam. This stems from the lack of reliable information, which follows from the government's monopoly on the media and the "firewalls" it uses to block many Internet sites. The stifling of free information not only discourages foreign investors, but also denies Vietnamese the knowledge they need to do business and take part in their national affairs.

Conclusion

It is in the interest of the United States to encourage Vietnam's transition to a market economy. Such a transition can only be achieved through sustained economic and political reform. Since the president's decision to waive the Jackson-Vanik amendment in March 1998 and to extend the annual waiver since, the Vietnamese

government has backtracked on reform. Extending the waiver for another year gives Hanoi more excuse to put off essential reforms. At the same time, it creates a moral hazard as American companies effectively gamble on a flawed economic system by investing when/where they otherwise would not without the benefit of taxpayer subsidies.

Vietnamese Americans in general and VPAC in particular would dearly like to see material improvements in the lives of people in Vietnam. But sustainable development and economic progress that benefits all—not a disproportionate few in power—can only be achieved on a framework of human rights, rule of law, and democracy.

Waiving the Jackson-Vanik amendment now, and then hoping and praying that the Vietnamese government will reform just does not work. The first requirement for free enterprise is free people. As long as the Vietnamese government continues to run a police state, arbitrarily arresting and detaining the country's best minds, don't expect it to respect the laws and conditions good for business either.

Chairman CRANE. Now I would like to have our colleague from the State of Oklahoma introduce our next distinguished guest.

Mr. WATKINS. Thank you, Mr. Chairman and Members of the Committee. I am honored that my friend, Barry Clark, who represents Oklahoma in Vietnam in this real pioneering effort, who I think has got some great words to share with us, but I am glad he is here.

Barry, I know that you are doing a great job there working at it and trying to lift the vision not only for Oklahoma but for Vietnam of what the real world of freedom is all about.

So, Mr. Chairman, I appreciate you allowing Mr. Clark to be here as one of the panel members.

Chairman CRANE. Well, we are happy to have Mr. Clark.

Now, proceed, Mr. Clark.

**STATEMENT OF BARRY L. CLARK, PRESIDENT AND DIRECTOR,
PACIFIC VENTURES, INCORPORATED, TULSA, OKLAHOMA**

Mr. CLARK. Thank you, Mr. Chairman and Subcommittee members, for the opportunity to be here today to testify before you.

My name is Barry Clark; and I am President of Pacific Ventures, which is an Oklahoma-based consulting and private equity company. Our offices are in Tulsa, Oklahoma, as well as in Hanoi and Ho Chi Minh City, Vietnam. The focus of our consulting business is to assist American companies entering the Vietnamese market. We have been in Vietnam since 1995, 1 year after President Clinton lifted the trade embargo.

From my first visit to Vietnam in 1993 to moving there for 3 years in 1995, I have witnessed firsthand the changes as Vietnam took the first uncertain steps toward a market economy. These changes are providing new economic and civic hopes for many of the Vietnamese people and new business opportunities for American companies. Similar to most people doing business in Vietnam, our challenges have been frequent, costly and time-consuming. Nevertheless, we are confident that the opportunities are real and significant, and we remain determined to see them through.

In addition to private enterprise, Pacific Ventures also represents the State of Oklahoma. In September 1996, the State of Oklahoma became the first State of any Nation to open a trade office in Vietnam. Since the Vietnamese government was not accustomed to dealing with individual States, the State of Oklahoma's Depart-

ment of Commerce asked Pacific Ventures to represent their clients in this newly emerging market. Through our company infrastructure, Oklahoma now has offices in Hanoi and Ho Chi Minh City with a staff of 12 Vietnamese and two Americans. Oklahoma is still the only American state to have a full-time presence in Vietnam.

The reason the State of Oklahoma opened this trade office was due to several of Oklahoma's major industries matching those of Vietnam's. These industries are of vital importance to both of our economies. They are oil and gas, agriculture, education and infrastructure development.

For the businesses we represent directly and through our ties to the State of Oklahoma, we manage the daily challenges of arranging meetings, securing licenses, conducting market research, identifying potential partners, and navigating the labyrinth of red tape. Our preliminary business, as we participated in the opening of Vietnam's consumer markets, was to establish one of the first soft-serve ice cream companies. We represent life and health insurance companies looking to enter the Vietnamese market and are also a licensee for the Disney Book Co.

Through our contract with the State of Oklahoma, Pacific Ventures has led nine delegations of Oklahoma business and institutions to Vietnam to sell Oklahoma-made goods and services, as well as six delegations from Vietnam who have come to Oklahoma to purchase equipment. The Oklahoma goods and services sold to Vietnam have included oil-field drilling equipment, which you might expect from Oklahoma, but also bio-tech products, such as sewage treatment enzymes, assistance in building environmentally sound landfills, beef cattle genetics, and infrastructure building equipment.

But the export for which the State of Oklahoma has great pride is education. Oklahoma has more than 9,000 foreign students studying in its colleges and universities. Oklahoma is third in the Nation in the number of Vietnamese students in higher education in our state. A good example is Petro-Vietnam, the Vietnamese national oil company, which has 57 students—young people which the company sees as its future leaders—as full-tuition paying undergraduate and graduate students at the world-famous Sarkeys Energy Center at the University of Oklahoma in Norman. These students will go back to Vietnam not only with a world-class education in petroleum science and engineering but also with a better understanding of the American way of life. It wouldn't be complete if I didn't add that we also hope that they return home with knowledge of, and an appreciation for, the products and services of American, as well as Oklahoma companies.

The Jackson-Vanik waiver has brought about dramatic changes that are indeed part of the rising tide that is floating more hopes and dreams for Vietnamese entrepreneurs and small business owners. Vietnam has great potential as a friend and trading partner of the United States. I think Ambassador Peterson has stated it best: "With the continued opening of the economy, the middle class will grow, the population will become more educated and exposed to more ideas, and Vietnam will continue to evolve to become a more open society. But changes come in increments. By extending the Jackson-Vanik waiver and taking other steps along the path of

normalization, including extension of normal trade relations, the U.S. will advance our interest in encouraging Vietnam's ongoing transition."

In conclusion, I want to express the appreciation of Oklahoma government and business leaders for Ambassador Peterson's passionate leadership and to his staff at the U.S. Embassy for all of their assistance and support. They have made our work in Vietnam much more productive than we could have ever been otherwise. Again, thank you for this opportunity, sir.

Chairman CRANE. Thank you, Mr. Clark.

[The prepared statement follows:]

Statement of Barry L. Clark, President and Director, Pacific Ventures, Incorporated, Tulsa, Oklahoma

Thank you, Mr. Chairman, members of the subcommittee, for the opportunity to testify before you today. My name is Barry Clark and I am President of Pacific Ventures, which is an Oklahoma-based consulting and private equity company. Our offices are in Tulsa, Oklahoma as well as Hanoi and Ho Chi Minh City, Vietnam. The focus of our consulting business is to assist American companies entering the Vietnamese market to sell their products and services. We have been in Vietnam since 1995, one year after President Clinton lifted the trade embargo. From my first visit to Vietnam in 1993, to moving there in 1995 for three years, I have witnessed firsthand many of the changes as Vietnam took the first uncertain steps towards a market economy. These changes have provided new economic and civic hopes for many Vietnamese people—and new business opportunities for American companies. Similar to most people doing business in Vietnam, our challenges have been frequent, costly and time-consuming, but never the less we are confident that the opportunities are real and significant and we remain determined to see them through.

In addition to private enterprise, Pacific Ventures represents the State of Oklahoma. In September 1996 the State of Oklahoma became the first state of any nation to open a trade office in Vietnam. Since the Vietnamese government was not accustomed to dealing with individual states, the State of Oklahoma's Department of Commerce ask Pacific Ventures to represent their clients in this newly emerging market. Through our company infrastructure Oklahoma now has offices in Hanoi and Ho Chi Minh City with a staff of twelve Vietnamese and two Americans. Oklahoma is still the only American state to have a full-time presence in Vietnam. The reason the State of Oklahoma opened this trade office was due to several of Oklahoma's major industries matching those of Vietnam's. These industries are of vital importance to both economies: They are oil and gas, agriculture, education, and infrastructure development. For the businesses we represent directly and through our ties to the State of Oklahoma, we manage the daily challenges of arranging meetings, securing licenses, conducting market research, identifying potential partners and navigating the labyrinth of red tape. Pacific Ventures also supports companies or joint-venture projects until they are capable of operating on their own. Our preliminary business as we participated in the opening of Vietnam's consumer markets was to establish one of the first soft-serve ice cream companies. We represent life and health insurance companies looking to enter the Vietnamese market, and are also a licensee for Disney books in Vietnam.

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wouldn't be complete if I didn't add that we also hope that they take back knowledge of and an appreciation for the products and services of American as well as Oklahoma companies. The Jackson-Vanik waiver has brought about dramatic changes that are indeed part of the rising tide that is floating more hopes and dreams for Vietnamese entrepreneurs and small business owners. Vietnam has great potential as a friend and trading partner of the United States. I think Ambassador Peterson has stated it best: "With the continued opening of the economy, the middle class will grow, the population will become more educated and exposed to more ideas, and Vietnam will continue to evolve to become a more open society. But changes come in increments. By extending the Jackson-Vanik waiver and taking other steps along the path of normalization, including extension of normal trade relations, the U.S. will advance our interest in encouraging Vietnam's on-going transition."

In concluding, I want to express the appreciation of Oklahoma government and business leaders for Ambassador Peterson's passionate leadership and to his staff at the U.S. Embassy for all their assistance and support. They have made our work in Vietnam much more productive than we could have been otherwise. Again, thank you for giving me the opportunity to speak today.

Chairman CRANE. I thank all of you for your testimony.

I would now like to yield very briefly to our Ranking Member, Mr. Levin.

Mr. LEVIN. Thank you, Mr. Chairman.

The timing is maybe imperfect, although I was going to say perfect. You have completed your testimony, and we have votes on the floor.

I just wanted to say to all of you that we take your testimony seriously, and we will be sure that it is widely circulated. I want to say to the two of you who have come here to oppose the waiver that I want to send your testimony over to the State Department for their comments. We will do that, and I am sure we will receive a reply from them.

So thank you, all of you, for coming. Also, to those who submitted written testimony for the record, it will, Mr. Chairman, as you know, be submitted in the record and will be considered seriously by us before this matter comes to the floor. Thank you.

Chairman CRANE. Thank you, Mr. Levin.

Again, thank you all for your participation in the hearing this morning.

With that, the subcommittee stands adjourned.

[Whereupon, at 12:10 p.m., the hearing was adjourned.]

[Submissions for the record follow:]

AMERICAN LEGION
WASHINGTON, DC 20006
June 13, 2000

Honorable Philip M. Crane, Chairman
Subcommittee on Trade
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20313

Dear Mr. CHAIRMAN.

The American Legion is opposed to the renewal of the Jackson-Vanik waiver for trade with Vietnam. This position is based on the continued failure of the Vietnamese government to fully cooperate with efforts to account for the over 2,000 Americans that remain missing from the war in Southeast Asia.

The American Legion does not accept the conclusions of the Clinton administration that the Vietnamese government has fully cooperated with accounting efforts. Granted, the Vietnamese have provided assistance in the area of remains recovery

(e.g. locating and helping exhume aircraft crash sites). However, the United States government is paying handsomely for that cooperation. The Vietnamese government holds in their archives voluminous data that we believe would be helpful in solving many of the 2,000-plus unresolved cases. Thus far the Vietnamese have been unwilling to share this information.

What is needed is unilateral cooperation on the part of the Vietnamese government and Communist Party in providing information relating to stored remains, and to records on a significant number of unresolved cases designated as "last known alive," or "died in captivity."

As was the case with our recent opposition to Permanent Normal Trade Relations with the People's Republic of China, The American Legion is troubled that economic and trade concerns continue to take precedence over issues of national security. The highest national priority is accounting for our missing servicemembers. Vietnam is capable of providing significantly more cooperation with our efforts to bring about the fullest possible accounting. The American Legion urges the Committee to take these factors into account and oppose the Jackson-Vanik waiver for trade with Vietnam.

Sincerely,

John F. Sommer, Jr.

Statement of Anheuser-Busch, St. Louis, MO

In its press release (No. TR-21) of May 30, 2000 the Ways and Means Subcommittee on Trade requested public comment on the "nature and extend of U.S. trade and investment ties" with Vietnam as well as issues related to pending bilateral trade agreement with Vietnam. Anheuser-Busch strongly supports the process of developing closer economic ties with Vietnam. In our view, the further integration of Vietnam into the world economy will enhance its economic development, increase its standard of living and strengthen demand for consumer products. Given its size, location and culture, it has tremendous market potential for companies in the brewing industry.

Anheuser-Busch has a longstanding interest in Vietnam. Currently, however, there are no authorized sales of our flagship brand, Budweiser, in Vietnam. For more than a decade, we have sought without success to register our world famous Budweiser trademark in Vietnam. The details of the history of this effort are set forth in the attached document (Exhibit I).

As we have expressed directly to the Vietnamese authorities, we strongly believe that the relevant departments have has ample time to consider our application to register our Budweiser trademark and make a decision with respect thereto. Adequate protection of intellectual property rights is an integral part of the U.S./Vietnam bilateral trade agreements as well as Vietnam's standing with the world investment community. Adequate protection and equitable treatment include a fair and timely decision process with respect to intellectual property issues.

We urge the Committee and the Administration to impress upon the Vietnamese the importance of a timely decision with respect to this matter as the two countries move forward in the development of their overall economic relationship.

Exhibit 1

Summary of Main Arguments in Support of the Request of Anheuser Busch Company's Request for Registration of the Trademarks:

"BUDWEISER" and "Budweiser" in the Socialist Republic of Vietnam

1. Background

Anheuser Busch Company ("A-B") is one of the largest companies in the world. Since 1957, A-B has been the largest producer of beer in the world.

2. Trademark Dispute

For most of this century, A-B has been involved in a dispute with Budejovicky Budvar Narodni (“BB”) over the right to use the trademark BUDWEISER in a number of countries throughout the world. Notwithstanding the parties’ competing claims over the right to use the BUDWEISER trademark, one fact remains undeniable: *A-B began using the BUDWEISER trademark in 1876, nearly 20 years before BB was founded in 1895.*

After having sold large volumes of BUDWEISER beer in the southern part of Vietnam before 1975, A-B applies to register its BUDWEISER trademark in Vietnam in 1989. In 1993, A-B applied to register the trademark BUD in Vietnam as well. However, four previously registered trademarks of BB consisting of the trademark BUDWEISER blocked these applications of A-B. In 1997, A-B successfully cancelled these four prior registrations of BB on the basis of non-use.

The cancellation of BB’s four trademark registrations should have cleared the way for registration of A-B’s BUD and BUDWEISER trademarks. However, only the BUD trademark proceeded to registration. The formal reason for the delay in allowing A-B’s application for BUDWEISER to proceed to registration was that BB has two other trademark registrations (BUDWEISER BUDVAR and BUDWEISER BUDBRAU) blocking A-B’s application for BUDWEISER. Notwithstanding the prior applications of A-B for BUDWEISER and the pendency of A-B’s cancellation action against BB’s first four BUDWEISER trademark registrations for non-use, BB as permitted to register BUDWEISER BUDVAR and BUDWEISER BUDBRAU (which are essentially the same marks as the ones that were being cancelled).

2.1 Priority of A-B’s Application over BB’s Subsequent Registration of BUDWEISER BUDVAR and BUDWEISER BUDBRAU

According to the “first to file” and other relevant legal principles, A-B’s applications should have been given priority over these subsequent registrations of BB. Therefore, once BB’s first four BUDWEISER trademark registrations were officially cancelled, A-B’s application for BUDWEISER should have proceeded to registration, as A-B’s application for BUD (which has also been blocked by these first four registrations) was allowed to do. Similarly, BB’s subsequent two registrations for BUDWEISER BUDVAR and BUDWEISER BUDBRAU, having a later priority date than A-B’s application for BUDWEISER, should have been cancelled.

In addition, it should be noted that permitting BB to register BUDWEISER BUDVAR and BUDWEISER BUDBRAU during A-B’s pending cancellation action against the same marks undermines fundamental tenet of Vietnamese trademark law which states that a trademark is subject to cancellation if it is not used for the specified period of time.

2.2 The Worldwide Fame of A-B’s BUDWEISER Trademark

Apart from the priority of A-B’s applications, another legal basis for allowing the registration of A-B’s BUDWEISER trademark in Vietnam relates to the well-known, indeed famous status of A-B’s BUDWEISER mark internationally. Overwhelming evidence supporting this claim, including registrations in over 125 countries worldwide and sales volumes almost 100 times greater than BB, was contained in documents that were submitted to the NOIP on May 5, 1999.

As a well-known trademark, A-B’s BUDWEISER is entitled to special protection under Article 6bis of the Paris Convention (to which Vietnam is a party), and Circular No. 437/SC. As such, the NOIP should allow immediate registration of A-B’s BUDWEISER in order to give this well-known trademark the protection it deserves, and at the same time cancel BB’s remaining registrations for BUDWEISER BUDVAR and BUDWEISER BUDBRAU, neither of which can reasonably called well-known.

3. Investment

To efficiently supply the demand for A-B’s BUDWEISER worldwide, A-B has invested in local brewing plants or has licensed its famous BUDWEISER mark to local manufacturers, including in China, the Philippines, Japan, South Korea, Canada and others. In addition, A-B has invested in facilities in foreign countries for the manufacture of aluminum beer cans, containers and other packaging using the most modern manufacturing methods, including a commitment to recycling previously used products and materials. This latter commitment is particularly important to countries in Asia which are experiencing growing pollution problems.

A-B perceives Vietnam as an exciting new market. If AB were to engage in commercial activities in Vietnam, this would contribute significantly to the promotion of commercial relations between the U.S. and Vietnam. However, the ability of A-

B to consider engaging in such activities in Vietnam depends on it having the right to use its most important trademark: BUDWEISER. Accordingly, A-B is keen to be given the right to use the BUDWEISER trademark in Vietnam (through formal registration of the same) at the earliest possible date.

For the foregoing reasons, A-B is hopeful that the relevant authorities in Vietnam will issue A-B a Certificate of Registration for the BUDWEISER trademark as soon as possible.

**Statement of Dr. Nguyen Dinh Thang, Executive Director, Boat People
S.O.S., Merrifield, VA**

Mr. Chairman and members of the Subcommittee,
Time has come again for Congress to review the President's decision to renew the waiver to the Jackson-Vanik Amendment for Vietnam. By granting this waiver to Vietnam, the President promised that it would substantially promote free and open emigration.

While there are many factors influencing U.S.-Vietnam relationship, the Jackson-Vanik Amendment focuses solely on the question of free and open emigration. The justification, validity and effects of the waiver should therefore be evaluated solely on the basis of whether it has promoted free and open emigration.

By statutory definition, free and open emigration means more than just the issuance of exit permits to citizens who want to emigrate. It also means that no citizen should be made to pay more than a nominal fee on emigration or on the visas or other documents required for emigration.

The Vietnamese people has been burdened by an outrageously corrupt system. Vietnam's corruption ranks among the worst in Asia, according to a report released this month by the Hong Kong-based Political and Economic Risk Consultancy (PERC). Even Vietnam has to admit that corruption permeates all government functions. A police report released earlier this month indicated that corruption is on the rise—the level of detected embezzlement has increased some 10,000 times over the past five months.

Emigration is not immune to graft. Practically every single person who wants to emigrate must pay three to four times the annual salary of an average Vietnamese citizen. That is certainly more than a nominal fee. Since few Vietnamese citizens can afford such bribes, their U.S. relatives are often the ones to bear the burden.

Corruption seriously affects U.S. refugee programs in Vietnam. Our State Department has cited statistics showing that tens of thousands of refugees have been resettled since the U.S. first granted Vietnam the waiver to the Jackson-Vanik Amendment two years ago. These refugees too had to pay their way out. The State Department's statistics are not an indicator of free and open emigration. On the contrary, they constitute thousands upon thousands of violations of the principle of free and open emigration called for in the Jackson-Vanik Amendment.

Of course there are many Vietnamese citizens who are eligible for emigration but who cannot afford the bribes; they continue to be denied clearance for interview under U.S. refugee programs. At the last hearing I presented a number of specific examples. None of them has been cleared for interview a year later.

Mr. Chairman and members of the Subcommittee,
There are those who argue that granting the waiver to Vietnam would strengthen the hands of the reformist faction within the Vietnamese leadership. Developments over the past 12 months do not support this speculation. There has been no serious reform, be it institutional, social or political, to point to. The Vietnamese leadership recoils when it realizes that the bilateral trade agreement with the U.S. entails major reforms.

The Jackson-Vanik waiver has failed to improve the human rights conditions in Vietnam. Two years ago, Vietnam released a handful of political and religious prisoners. All of these former prisoners of conscience continue to be held under house arrest. Vietnam has since sent to jail a larger number of political dissidents and religious leaders than it had released.

The Jackson-Vanik waiver for Vietnam has not made emigration more free and open, has not produced any reform, has not ameliorated the business environment for U.S. investors, and has failed to improve human rights conditions in Vietnam. Vietnam's corrupt system continues to affect many U.S. citizens and their loved ones in Vietnam, and to subvert U.S. refugee programs.

I recommend that this Subcommittee establishes benchmarks to track progresses or the lack thereof in each of the above areas. Specifically, I recommend that the

Subcommittee requests the General Accounting Office to survey immigrants and refugees from Vietnam about how much they must pay for emigration and to track the number of U.S. businesses that are still in business and actually make a profit in Vietnam.

I also recommend that this Congress delays the renewal of the waiver until Vietnam meets a number of conditions. Namely, Vietnam must clear all cases submitted by the U.S. for interview, stop its corrupt practices in emigration, and institute reforms to guarantee transparency in all areas of the government.

Thank you Mr. Chairman and members of the Subcommittee.

Statement of Andre Sauvageot, General Electric Company

I am Andre Sauvageot, residing in Hanoi as the Chief Representative for the General Electric Company in Vietnam. I have held this position for over 7 years. As I did for your hearing on the initial waiver and also last year for the renewal of the Jackson-Vanik Amendment, I am submitting the following updated information to assist the Committee in its decision regarding the renewal of the Jackson-Vanik waiver for Vietnam.

I. Vietnam Experience Prior to Joining General Electric

My involvement in Vietnam began in 1964 as a U.S. Army Captain assigned as a District Advisor in South Vietnam. This entailed participating in combat operations with small South Vietnamese units and afforded opportunities to learn about life and civil administration at the village level. I completed 8 years of Vietnam service with varied assignments including US Liaison & Coordination Officer for the Military Assistance Command (MACV) in the Prime Minister's Office. My last assignment, ending in March 1973, was as the Interpreter for the Chief of the American Delegation to the Four-Party Joint Military Commission charged with implementing the Paris Agreement on ending the war.

From 1976 to 1978 the Army assigned me to the US Department of Health, Education & Welfare as an Assistant Director to the Indochina Refugee Assistance Program to help with the resettlement of Vietnamese refugees in the United States. In 1984, I retired as a Colonel from the Army after 27 years service.

From 1982 to as recently as 1993, I served as the interpreter for the highest level American delegations visiting Hanoi. The initial focus was solely on the MIA/POW issue, but later broadened to include some of Vietnam's humanitarian concerns. Until December 1992, I was employed by the U.S. Embassy in Bangkok as the Regional Advisor for the Comprehensive Plan of Action designed to encourage voluntary repatriation of Vietnamese "boat people" back to Vietnam. This involved constant visits to the camps in Hong Kong and Southeast Asia with follow-up visits to returnees in Vietnam. I enjoyed steadfast support from Vietnam's leadership and the freedom to travel freely in Vietnam at my own initiative throughout my mission.

My long involvement in Vietnam has given me a profound respect for the Vietnamese. Their pragmatism, flexibility, courage and intelligence make it a country that is very amenable to constructive engagement. The recent House vote to grant PNTR to China is an encouraging recognition of the merits of constructive engagement. I agree with Department of Defense experts working the MIA/POW issue full time that the Vietnamese have provided outstanding cooperation and that the cooperation has increased as the U.S.-Vietnam relationship expands. The same is true on a wide range of commercial and other issues of interest to both countries. Progress on all issues is positively correlated with improvements in the overall relationship based on the principle of mutual benefit.

II. Doing business in Vietnam

Doing business in Vietnamese remains tough sledding. It is not surprising that a country long ravaged by war in a long struggle for independence and national unity would take time to move from feudalism through Soviet-style state socialism to a market economy. The problems with an underdeveloped banking system, underdeveloped legal and physical infrastructure, a lack of transparency and widespread corruption are serious and combine to make it difficult to do business. American companies have the additional handicap of arriving behind foreign competitors, which were not constrained by the U.S. Trade embargo against Vietnam.

In addition, the lack of domestic capital and a severely limited national budget encourage the Vietnamese and their foreign business partners to seek off-shore funding. Financing must often be in the form of Government-to-Government soft

loans, as budget constraints may preclude commercial financing. To be successful, companies must be prepared to make a long-term commitment and maintain an in-country presence.

For the committed company with the right products or services, proper corporate policies and minds open to Vietnam, the positives far outweigh the negatives.

The Vietnamese leadership's commitment to economic reform, its commitment to diversification of Vietnam's international relationships, the national unity behind the leadership on both of these major policies, the strong work ethic, and a literate, intelligent, trainable workforce are durable, valuable and more significant thoughts than the difficulties which so often frustrate foreign companies doing business in Vietnam.

The Vietnamese have forged a society in which 78 million people of some 54 different ethnic groups, with a wide mix of various religions and a large number of people who subscribe to no religion at all, live peacefully together free of the religious and ethnic strife with which so many other countries are afflicted.

These strengths are the ingredients by which Vietnam will effectively address its shortcomings. Vietnam will succeed in integrating with the global economy. The question is which companies from which countries will grow their businesses in Vietnam; in short, will grow with the country and by their engagement help shape the kind of market economy that emerges in Vietnam.

III. GE Businesses currently in Vietnam

After former President Bush permitted American companies to establish representative offices in Vietnam, GE was among the first ten American companies to seize the opportunity, having obtained a license on June 18, 1993.

Several of GE's major businesses, each with its own separate headquarters in the United States, have already successfully entered Vietnam's market.

GE Medical Systems (GEMS)

GE Medical Systems, a global business, headquartered in Milwaukee, Wisconsin was the first of GE's eleven major businesses to enter the Vietnam market, because medical equipment was included among certain humanitarian items exempted from the Trade Embargo by former President Bush in April 1992. Since 1993, GEMS has been selling ultrasound and x-ray equipment against stiff foreign competition from long established companies such as Siemens from Germany. GEMS has made a respectable beginning, including the sale of high-end Magnetic Resonance Imaging (MRI) equipment manufactured in Wisconsin. This year GEMS won a \$1.3 million (USD) contract to provide ultrasound systems, financed by the World Bank.

GE Aircraft Engines (GEAE)

GE Aircraft Engines, headquartered in Cincinnati, Ohio regards the Vietnam Airlines (VNA) as a strategic customer with significant growth potential. VNA airline has selected GE or GE joint venture engines with an aggregate value of some \$162 million, to power its entire small fleet of Boeing and Airbus aircraft. GEAE is currently participating in an international bidding competition to secure a 2-year maintenance contract for the CFM56-5B4 engines on VNA's fleet of 10 A320 aircraft.

GE Capital Aviation Services (GECAS)

One of the 29 major branches of GE Capital Services and headquartered in Stamford, Connecticut, GECAS has dry-leased 3 new Boeing 767-300ER aircraft to Vietnam Airlines (VNA) for a period of 5 years. Now, over 4 years into the lease, GECAS, the worlds largest aircraft lessor, is favorably impressed with the management and the integrity of VNA, a customer that has always paid its lease obligations on time, even after the currency crisis hit the Pacific nations. Although the current lease expires January 2001, GECAS will bid to renew its lease with this priority customer in the near future.

GE Lighting (GEL)

GE Lighting, headquartered in Cleveland, Ohio has gained a modest presence with annual sales in Vietnam running over \$1 million.

GE Appliances (GEA)

GE Appliances, headquartered in Louisville, Kentucky successfully concluded a contract over the past year with a private company that is already aggressively selling American manufactured appliances (refrigerators, air-conditioners, washing machines...) in the Vietnamese market.

GE Transportation Systems (GETS)

Headquartered in Erie, Pennsylvania GETS manufactures locomotives and locomotive components. In Vietnam, GETS has won two international bids (1996–97) to provide parts/components to the Vietnam Railways (VR). GETS is working on opportunities to sell new locomotives and to upgrade VR's older locomotives. Our technical proposal for a new locomotive customized to meet VR's requirements was so well received that the railway asked us to proceed with a financing proposal that combines attractive interest rates, full financing and relatively long payment terms. GE Capital Marketing Services is currently working with the U.S. Export Import Bank and an American Bank to enable us to pursue this opportunity with its significant downstream potential.

GE Power Systems (GEPS)

GE Power Systems, headquartered in Schenectady, New York, manufactures steam turbines and generators in New York and gas turbines in Greenville, South Carolina; and turbine and generator control equipment in Salem, Virginia. GETPS has won the following contracts in Vietnam:

- first ever gas compressors for the White Tiger field to bring in gas from offshore,
- 2 generators for Ham Thuan 300MW hydro plant (contract award February 1998) and
- 2 steam turbines and 2 hydrogen cooled generators for Pha Lai 2 600MW thermal, coal fired power plant.
- 2 turbines in the Song Hinh hydro plant.

IV. Importance of Jackson-Vanik Waiver—Framework Agreement signed last year

We deeply appreciate the initial support of your sub-committee and ultimately of the entire Congress for last year's decisive majority renewing waiver of the Jackson-Vanik amendment.

Since the U.S. Export Import Bank and the State Bank of Vietnam signed the Framework Agreement last year after your renewal of the Jackson-Vanik Amendment, General Electric is better positioned to meet foreign competition and thereby create opportunities for our American workers to produce equipment for sale into Vietnam's growing market.

The Framework Agreement permits the U.S. Export Import Bank to rapidly enhance our ability to compete with direct funding proposals to our customers. This includes the bidding opportunity that we presented last year, the Thac Ba Hydro upgrade project. This project has been delayed, partly as the result of uncertainty concerning funding.

However, since your renewal of the waiver last year and the signing of the Framework Agreement, interest has been rekindled and we have presented additional technical analysis of our proposed turbine and turbine control equipment at the request of our customer, Electricity of Vietnam (EVN). In addition, GE is in a more competitive position to sell locomotives made in Pennsylvania and to bid on additional hydro projects.

As we mentioned last year, EVN's decision to upgrade the 30-year old Thac Ba hydro power plant calls for "supplier credit" which means the contractor must present a competitive financing proposal. GE's competitors include ABB (Switzerland/Sweden) and Siemens from Germany.

GE is extremely competitive from a technical standpoint because of its numerous, high quality reference plants and because GE, unlike ABB or Siemens, manufactures both the turbine and the generators, as well as the turbine and generator control equipment.

Renewal of the Jackson-Vanik waiver will greatly enhance GE's ability to pursue the Thac Ba upgrade, new locomotive opportunities and other infrastructure projects. Winning Thac Ba would help position GE for further wins in Vietnam's growing hydro power market. Failure to sustain the Jackson-Vanik waiver could greatly damage GE's chances against foreign competition on projects for which ODA funding is available and for which U.S. Export Import Bank financing is neither available or desired.

For example, assume that Vietnam's largest donor country, Japan, were to fund a large project wherein GE was bidding against a Japanese company for the contract. Even with "untied" aid, were both the GE and the Japanese company's proposals roughly equivalent, political considerations could become a factor in awarding the contract. Stated differently, diminished U.S. involvement results in less U.S. leverage.

V. Conclusion

Experience clearly indicates that as the U.S.-S.R.V. relationship continues to improve on the basis of mutual respect and mutual benefit, progress will continue on all fronts. We will continue to work closely with the U.S. Government and we appreciate the active support for American business and American workers that we have received from Ambassador Peterson and his fine staff in Hanoi. We will also continue our active involvement with such organizations as the U.S.-Vietnam Trade Council and AMCHAM.

I believe that the most rigorous analysis suggests that there is no conflict in pursuit of US commercial objectives in Vietnam and our other national interests. In fact, they are positively correlated and mutually reinforcing.

Statement of Khmer Kampuchea Krom Federation, from the State of Lakewood, California

Thank you for the opportunity to present testimony concerning the direct experience of the Khmer Krom People in Vietnam within the context of the Jackson-Vanik Amendment waiver review. While we recognize that immigration and human rights can best be fostered in a climate of economic and trade development, we firmly believe that diplomatic pressure is essential to effect political reform.

Thus, we respectfully submit information opposing the Jackson-Vanik Amendment waiver based on the Vietnamese record to date on immigration and Human Rights. When the Government of Vietnam (GOVN) makes significant progress in these critical areas, we would happily support the waiver since it would signal true progress toward bettering the lot of our people.

Immigration

Under the immigration policy announced and supported by President Clinton, three criteria are to be met: (1) no one in Vietnam should be denied opportunity to emigrate, and (2) no one in Vietnam should be made to pay more than a nominal fee for emigration or documentation required for emigration, and (3) no one should be discriminated against because of ethnic, or religious beliefs, or due to their service to the US Armed Forces during the Vietnam War.

There are many cases of Khmer Krom People being denied emigration because of their background. There are multiple bureaucratic roadblocks, bribery, and pervasive corruption at all levels of government in Vietnam creating additional obstacles to free emigration. In many instances, applicants to U.S. resettlement programs are required to pay huge amounts of money. The bribes range from several hundred dollars to several thousand dollars.

According to State Department reports, ethnic minorities suffer the most from corruption. There are reasons to believe that many victims of racial persecution in Vietnam are among ethnic minorities, especially the Khmer Krom People in the Mekong Delta. The very disclosure of their qualifications to immigrate to the US—under various programs such as ODP or HO—are tantamount to an admission of guilt for cooperation with Vietnam's enemies. A significant number of Khmer Krom are currently under house arrest or in hiding.

Since the beginning of the HO and OPD programs there has been little progress in immigration for the ethnic Khmer Krom. Of the thousands of Khmer Krom of interest to the U.S., only a handful of cases have been identified and granted exit visas. Since the first waiver was granted in 1998, the Federation has noted no increase in immigration as measured by Federation Membership.

Human Rights

The first sentence of section 402(a) of the Trade Act of 1974 said that the amendment is "to assure the continued dedication of the United States to fundamental human rights..." With that in mind, Vietnam's human rights record does not warrant the waiver of the Jackson-Vanik amendment. Vietnam continues to violate the human rights of the ethnic minorities, particularly, the Khmer Krom People.

On April 19, 1999, the Vietnamese government issued Administrative Decree 26, entitled Decree of the Government Concerning Religious Activities. In this 29-article long decree, the Vietnamese government laid out some serious restrictions on religious freedom.

Article 20 dictates that "the consecration of those who carry the title of Abbot in the Buddhist religion, of cardinals, bishops, administrators in the Catholic Church,

and of dignitaries of equivalent function of other religions, must receive the approval of the Prime Minister.”

Article 21 reads that “the nomination and transfer of clergy, religious and specialists in religious activities must obtain the approval of the Peoples Committee whose administrative management covers the territory of their activities.”

Article 24 requires that “religious organizations and officials, in order to invite to Vietnam religious organizations and officials from abroad, must obtain the authorization of the Bureau of Religious Affairs.”

Article 25 dictates that “in order to organize a particular gathering within a place of worship, it is necessary to obtain authorization from the President of the Peoples’ provincial committee.”

It is important to note that human rights violations in Vietnam are not limited to religious freedom. Three years ago, on April 14, 1997, the Vietnamese government issued Administrative Decree 31, entitled Government Administrative Detainment Policy, which gives the police the power to detain anyone suspicious of “infringing on the national security” for 6 months up to 2 years without trial.

Over one year ago, Reuters reported on 5/20/99 that the government “has amended its strict press law to tighten state control over official media and set rules that all reporting must be of benefit to the country.” Not only did the government clamp down on free speech for every citizen, but the Vietnamese Communist Party restricted their own party members’ free speech. On 6/7/99, the Associated Press reported that the Politburo decided to ban party members from “distributing documents that question party policies and decisions, and may not write anonymous letters or make accusations against people they disagree with.”

Rather than improving on Human Rights, the GOVN appears to be backsliding since the first waiver was granted in 1998.

Vietnam Violates Human Rights of Khmer Krom

The Khmer Krom People are the indigenous people of the Mekong Delta of southern Vietnam. They have lived in the Mekong since the first century. They are descendants of the highly advanced Khmer Empire—builders of Angkor Watt. Ethnically distinct, the Khmer have a different language as well.

In 1857 the French, under Napoleon III, placed Cochin China (as they called the Mekong Delta) under a protectorate. On June 4, 1949, the French ceded Cochin China to the last Emperor of Vietnam, Bao Dai, without a plebiscite or agreement of the Khmer Representatives.

The Khmer Krom now number between 8–10 million. During the Vietnam war, they were loyal allies and fought with great distinction with the US Special Forces in a dangerous, experimental unit—the Mobile Guerilla Force. Khmer Krom were not just soldiers—they were elite fighters. Under US Special Forces commanders, who trained them to fight outnumbered, and outgunned, the Khmer Krom penetrated deep into enemy territory. Without artillery support, or hope of reinforcements, they turned suicide missions into successes. In tribute to their service, General Williams C. Westmoreland cited their discipline, courage, and sacrifice in recovering the black box of the U2 plane that crashed deep in the enemy territory in 1966. The mission was so important to the United States that President Johnson was immediately notified of its recovery.

There are books and many eye-witness accounts of former US Green Berets providing testimonies for these exceptional soldiers. Now, Vietnam is punishing the Khmer Krom for their service to the US. The Vietnamese should make peace with their own people, if they want the fruits of a full relationship with America.

Mr. Chairman,

While hoping to win normal trade relations with the United States, the Vietnamese government continues to violate the US and international Human Rights laws by destroying the sacred religious sites of ethnic Khmer Krom in Ho Chi Minh City and many other provinces. I would like to bring to your attention such violations and ask for your help to save the Khmer Krom People from extinction under the Vietnamese communists.

Culturally, the Khmer Krom culture is under a constant pressure by the “assimilation” policies of the Vietnam government. The Khmer Krom culture, deeply rooted in Hinayanna Buddhism, is now crumbling. Originally, there were about 700 Khmer Buddhist temples all over South Vietnam, the former French Cochin-China. However, under the Vietnam government’s hostile policies of assimilation, many temples have been destroyed. As a result, the Khmer Krom People in those areas have been uprooted, eliminated or forced to assimilate. The number of Khmer Buddhist temples have been greatly reduced and there are only 560 remaining. Agents of Viet-

nam Fatherland Front, a branch of the Vietnam communist government, constantly scrutinize the Khmer Krom temples. They are dictating the religious practices as well as changing the built-in characteristics of the Khmer to assimilate the Vietnamese culture.

Evidently, a new building has been funded by Vietnam government to represent Khmer traditions in the province of Travin. It has been artistically skewed to deviate from the true Khmer cultural characteristics to impose the Vietnamese culture upon the Khmer, and mislead the local and international tourists on the Khmer traditions. In many of the Khmer cultural festivities, the Vietnam government has subtly introduced many Vietnamese cultural characteristics, and the Khmer population are forced to accept them to be part of Khmer traditions.

Recently, the government of Vietnam ordered and had destroyed the centuries old and sacred religious site of the Khmer Krom People in Ho Chi Minh City. Namely, it destroyed the sacred Pali School building, and spiritually disturbed the Bodhi Tree where the remains of Khmer Krom ancestors have been kept for centuries and paid tribute to every year. The remains of thousands of Khmer Krom fighters, whose lives were dedicated along with the US Armed Forces during Vietnam War, also lie under the same Bodhi Tree. The sacred site is at:

Most recently in January this year, in the province of Travin, the government of Vietnam ordered all 141 abbots of the province's Khmer Krom Buddhist temples to a concentration site in the province. In other provinces of the Mekong Delta, the Khmer Krom abbots are suffering from similar government tactics. These religious leaders have been intimidated, humiliated and mentally tortured. Any of the abbots who dared to even to dream of welcoming the Millennium celebration were threatened with imprisonment. When U.S. Buddhist monks of Khmer Krom ethnic origin came to visit their former temples and hometown, the Security Department from Hanoi sent their secret police agents to intimidate and mentally torture them.

The Khmer Krom People in the province of Soctrang are now forced to celebrate Kathinatean (giving clothing to Buddhist Monks) on the same day. This act has violated of Buddhist principles and practices, which is to celebrate this festival on any day during the month of November. The UN Human Rights delegation was made aware of this during their visit in Vietnam in October 1998.

At the millennium celebration January 1, 2000, the Khmer Krom People in Cambodia were blessed with permission from the government of the Kingdom to celebrate the Millennium events. Unfortunately, the Hanoi regime dispatched their secret police agents to intimidate and create psychological nightmares within the Khmer Krom communities in Cambodia.

During the WWII and after 1975, Human Rights of this minority have been brutally abused by the Vietminh and the government of the Socialist Republic of Vietnam respectively. Their sufferings are parallel to the recent sufferings of the ethnic Albanians in Kosovo and the East Timor people in Indonesia. As an example, a recent newspaper report on March 16, 1999 about the religious right and freedom in Vietnam reads as the follows:

GENEVA, March 16 (Reuters)—*The United Nations special investigator on religion on Tuesday accused Vietnam of continuing to deny people freedom of worship and called for reforms.*

Abdelfattah Amor, in his report on the situation in Vietnam, said all of the religious communities there were prevented from conducting activities freely....

"Religion appears as an instrument of policy rather than a component of society, free to develop as it wishes, something which is ultimately contrary to freedom of religion or belief as governed by international law," said Amor, a former dean of the University of Tunis law faculty who visited Vietnam in October.

Clearly, the Khmer Krom People's ability to exercise their religious freedom has been hindered by the Vietnam government.

Economically, the Khmer Krom are indigenous and land is the main source of their viability. Since their land has been encroached on and occupied by the Vietnamese in the past, such activities continue. Thus, their only economic resource is shrinking. Their economic status has been reduced from landowners to physical laborers earning less than the equivalent of \$1.00 U.S. dollar per working day. They are living ten-fold below the poverty level, but the government of Vietnam constantly prevents any international organizations from observing these facts or to help these people. The Khmer Krom People, whose farmland is the only vital source for their sustenance, have been deprived and deceived by land policies of the Vietnam government and, as a result, over 95% of Khmer Krom are living in harsh conditions below the poverty level, without stable jobs and without sufficient food and medicine.

According to a recent Associated Press reported from Hanoi on Wednesday, December 09, 1998: the Khmer Krom people have only about 309 pounds of foods for con-

sumption per year per person which is only 50% of the average availability of food to a Vietnamese. According to a Vietnamese weekly paper, the Trong Dong (Silver Drum) reported in Southern California on Friday, November 27, 1998: to alleviate starvation, the Khmer Krom of Travinh province (of Vietnam) have to sell their blood...

There seems to be no genuine effort of the Vietnam government to develop Khmer Krom People economically. Therefore, education for the Khmer Krom children is poor both in the percentage of students attending grades schools and higher education. According to our records, no Khmer Krom students have been allowed to study abroad. *According to Deutsche Presse-Agentur, reported from Hanoi on Friday, November 13, 1998: only 20 students of Vietnam's millions of ethnic minorities have been selected to attend higher education.* This demonstrates that the Khmer Krom and other minorities are not allowed to have opportunities to live their lives in the modern society. Their future is now at stake.

A newspaper published inside Vietnam, **Tien Phong (The Pioneer)** dated 5/9/1999 has identified some of the wide-spread and typical abuses of Vietnamese officials toward the Khmer Krom farmers by robbing their land, their crops or their house:

1) On January 25, 1999 Mr. Nguyen Viet Khoi, a Vietnamese police captain in the city of Soctrang, robbed the farmland from a Khmer Krom family (Mr. Ly, Senh), then imprisoned Mr. Ly for 3 years, his wife and his 4 adult children at lighter terms in prison.

2) A Khmer Krom farmer, Phuong Thi Lan Anh of Thanh Quoi, My Xuyen, Soctrang, her house was robbed by a Vietnamese official and she became homeless.

3) Mr. My Dinh of Nham Lang, Soctrang, a Khmer Krom farmer, his land was robbed by a Vietnamese official after he left his hut to attend a Buddhist religious service at the temple.

4) On August 10, 1999 Mr. Tran Van Thach, a Vietnamese police major in Soctrang, robbed Mrs. Phien, a Khmer Krom farmer, of all her 10 tons of grains she had harvested to feed her family for the entire year.

The Vietnamese communist government in 1976, and again recently, have murdered, imprisoned and persecuted the Khmer Krom people, including political and religious leaders and the general public in order to expedite its assimilation policies of minorities. Additional examples of blatant violations on the basic human dignity and freedom of the people of Khmer Krom are as follows:

The Khmer Krom People's civic and religious leaders who have been murdered by Vietnam Communist government included: Dr. Son Ngoc Thanh, Senator Son Thai Nguyen, Mr. Son Thuong, Ven. Kim Sang, Ven. Lam Em, Ven. Thach Phok, Ven. Thach Ret, Ven. Yim Rong, Ven. Thach Ngos, Ven. Kim Toc Chuong, and countless numbers of others.

The Khmer Krom People's children have been discriminated against in education and since the Vietnam government provides them with no real venue for advancement, a minimum number of them are being able to get access to higher education in Vietnam, and none of them are being sent to study abroad, where sources of modern technology have originated and developed.

Conclusion:

The Khmer Krom People who are now poor farmers, do not live in the city or the urban areas where UN officials, foreign diplomats, news-agencies, or international organizations frequently visit or are stationed. They bravely served in the U.S. armed forces during the Vietnam war, and because of their ethnic and religious background the government of Vietnam has severely abused their human rights, and their sufferings have never been heard of by the international community.

On behalf of the Khmer Krom People, the Khmer Krom Federation recommends that the waiver be extended only after Vietnam agrees to:

1) Comply with U.S. laws, Charter of the United Nations, the Universal Declaration of Human Rights and Minorities Rights, and respect the rights of Khmer Krom People and others in Vietnam;

2) End forced assimilation of the Khmer Krom People and other ethnic minorities, stop planting communist agents as religious leaders in the Khmer Krom Buddhist temples and let the Khmer Krom Buddhist monks elect their own leaders without interference from GOVN;

3) Stop persecuting the Khmer Krom veterans who formerly fought side by side with the U.S. Armed forces during the Vietnam War and now are living in Vietnam;

4) Provide equal access for job opportunities to Khmer Krom;

5) Allow Khmer Krom students from Vietnam to attend U.S. universities and allow more visas for students from Vietnam to allow access to U.S. colleges and universities;

6) Stop interfering with curriculum and education programs of the Khmer language for Khmer Krom children. Let the Khmer Krom children learn the authenticity of Khmer language, not the new language designed by the government of Vietnamese Communists to brainwash the Khmer Krom children and keep them from learning the real Khmer language;

7) Allocate a 10% quota on products and services from Vietnam that are being allowed access to U.S. markets in such ways that products and services must be produced or served by Khmer Krom workers and/or Khmer Krom owned businesses;

8) Permit international organizations and/or U.S. non-governmental organizations to consider providing their services for the Khmer Krom people in the Mekong Delta areas of Vietnam;

9) Distribute equally international aid of any form to the Khmer Krom and minority people in Vietnam;

10) Yield a portion of the aid from the U.S. Department of Agriculture to Vietnam for assisting the Khmer Krom farmers to:

a) Educate with know-how techniques to increase crop yields by such measures as rotating agricultural products;

b) Make available directly to Khmer Krom farmers the chemicals for plant nutrition, pest control and fertilizers; and

c) Provide capital for equipment and technological assistance and expertise to Khmer Krom peasants and merchants;

11) Allow the U.S. Embassy in Hanoi and the U.S. Consulate in Ho Chi Minh City to freely monitor the human rights for the Khmer Krom and other ethnic minorities in Vietnam;

12) Ask the United Nations High Commissioner for Human Rights to establish UN offices in the Mekong Delta areas to monitor human rights abuses against the Khmer Krom people;

13) Return all properties that the government of Vietnam or its agents have confiscated from the Khmer Krom people in all provinces of South Vietnam, including but not limited to lands, buildings, religious sites, cultural centers, etc.; and

14) Stop forcing the Khmer Krom in the province of Soctrang from having to celebrate the Katinatean on the same day in the entire province.

Statement of Hon. John McCain, a United States Senator from the State of Arizona

As the United States and Vietnam work to resolve the remaining obstacles to the conclusion of a bilateral trade agreement, I am pleased to submit this statement supporting extension of the Jackson-Vanik waiver for Vietnam.

I have strongly supported the process of normalizing economic and diplomatic relations with Vietnam over the past decade. My support for closer ties between our two countries has always been premised on my belief, which has been affirmed by the process of normalization, that our interests in Vietnam are served not by isolating that country but by working together in areas where we agree and by lobbying earnestly for change in areas where we differ.

Such an unsentimental, dispassionate approach to a bilateral relationship burdened by the weight of history has paid dividends. Our POW/MIA accounting work, which I will discuss further below, has accelerated dramatically over the course of the past decade, with the result that hundreds of American mothers, fathers, wives, sons, and daughters know the fate of their lost loved ones—a fate grievously unknown to them during the period when we sought to isolate Vietnam rather than seek its government's cooperation on the search for our missing personnel. Hundreds of American companies are doing business in Vietnam, and the bustling commercialism of Ho Chi Minh City and other urban centers serves as a reminder that although we lost the war, Western influence in Vietnam is pervasive and growing. Moreover, our refugee assistance programs in Vietnam have been quite successful. It is those refugee programs, in the context of the broader bilateral relationship, that we gather to review today.

As we all know, the Jackson-Vanik amendment exists to promote freedom of emigration from non-democratic countries. The law calls for a waiver if it would substantively enhance opportunities to emigrate freely. Opportunities for emigration from Vietnam have clearly increased since the President first waived the Jackson-Vanik amendment in 1998. The waiver has encouraged measurable Vietnamese cooperation in processing applications for emigration under the Orderly Departure

Program (ODP) and the Resettlement Opportunity for Vietnamese Returnees agreement (ROVR).

The best measure of the Jackson-Vanik waiver's success is the thousands of Vietnamese who have freely emigrated to the United States since the President first waived the Jackson-Vanik amendment in 1998. Then, 3,754 Vietnamese had departed for the United States through ROVR; today, 15,886 have done so. Then, 2,461 former re-education camp detainees had not been cleared by the government of Vietnam for interview with American officials; today, that number has been reduced to 750. Then, the Vietnamese government was denying U.S. officials access to Montagnards potentially eligible for refugee resettlement; today, all but 408 Montagnards identified as eligible for interview have been cleared by the Vietnamese government for processing by the United States.

The Jackson-Vanik waiver is working, as measured by its inducement of Vietnamese cooperation with our refugee resettlement objectives. We are approaching completion of many refugee admissions categories under the Orderly Departure Program, bringing to an end a historic process that has allowed over half a million Vietnamese to emigrate to the United States since the 1980s. The Vietnamese government has agreed to help implement the resumption of ODP processing for former U.S. government employees, which we suspended in 1996. The United States is also implementing a new, in-country refugee program to assist those Vietnamese who have suffered or who fear political or religious persecution.

The Jackson-Vanik waiver has given momentum to this process. Revoking the waiver would likely stall this momentum, to the detriment of those who seek to emigrate.

The Jackson-Vanik waiver has also allowed the Overseas Private Investment Corporation (OPIC), the Export-Import Bank (EXIM), and the Department of Agriculture (USDA) to support American businesses in Vietnam. Competitors from other industrialized countries have long had the benefit of lending and insurance guarantees provided by their own governments. Withdrawing OPIC, EXIM, and USDA guarantees would hurt U.S. businesses and slow progress on economic normalization. It would reinforce the position of hard-liners in Hanoi who believe Vietnam's opening to the West has proceeded too rapidly.

We should also be prepared to approve a U.S.-Vietnam bilateral trade agreement once it is completed. Having visited Vietnam regularly since 1985, I can attest to the changes in Vietnamese society that have resulted from the limited economic reforms adopted by the government. Although it is a long-term prospect, I take seriously the proposition that the growth of the middle class and greater exposure to Americans as a result of deepening economic ties between our countries will render Vietnam more susceptible to the influence of our values.

A number of outstanding differences continue to stand in the way of closer U.S.-Vietnam relations. Human rights, including the freedom to speak, assemble, and worship, remain subject to the whims of political leaders in Hanoi. Political and economic reforms lag far behind American expectations. Our companies operating in Vietnam suffer from bureaucratic red tape and corruption.

I harbor no illusions about the human rights situation in Vietnam. There is clearly room for significant improvement. The question is how best to advance both the cause of human rights and U.S. economic and security interests in Southeast Asia. The answer lies in the continued expansion of U.S. relations with Vietnam despite our continuing differences with the regime in Hanoi, which is struggling to define the terms of Vietnam's relationship with the United States.

The choice is Vietnam's. For our part, we can best influence that debate by institutionalizing our bilateral trading relationship, working together on areas of mutual interest in regional economic and security affairs, gingerly moving forward on military-to-military ties, continuing our human rights dialogue and other efforts to build needed respect for individual freedoms and the rule of law, and cooperating in the search for our missing personnel.

Although the Jackson-Vanik waiver does not relate directly to our POW/MIA accounting efforts, Vietnam-related legislation often serves as a referendum on broader U.S.-Vietnam relations, in which accounting for our missing personnel is the United States' first priority. Thirty-nine Joint Field Activities conducted by the Department of Defense over the past seven years, the consequent repatriation of 288 sets of remains of American military personnel during that period, and resolution of the fate of all but 41 of the 196 missing Americans last known alive in Vietnam attest to the ongoing cooperation between Vietnamese and American officials in our efforts to account for our missing service men. Such cooperation served as an important motivation for Secretary of Defense William Cohen's historic visit to Vietnam in March of this year. I am confident that such progress will continue.

Just as the naysayers who insisted that Vietnamese cooperation on POW/MIA issues would cease altogether when we normalized relations with Vietnam were proven wrong, so have those who insisted that Vietnam would cease cooperation on emigration issues once we waived Jackson-Vanik been proven wrong by the course of events since the original waiver was issued in 1998.

It is important to stress that the Jackson-Vanik amendment relates narrowly to freedom of emigration. It does not relate to the many other issues involved in our bilateral relationship with Vietnam, although rejecting the waiver would likely have an adverse effect on other American interests there. The Jackson-Vanik waiver is a tool we can selectively use to encourage free emigration. The waiver has contributed to that objective in Vietnam. At a minimum, using it as a blunt instrument to castigate the Vietnamese government for every issue of contention between our two countries will not advance America's interest in free emigration from Vietnam and may well have broader, if unintended, implications.

Whatever one may think of the character of the Vietnamese regime, such considerations should not obscure our clear humanitarian interest in promoting freedom of emigration from Vietnam. The Jackson-Vanik waiver serves that interest. Congress should support it.

**Statement of Rong Nay, Montagnard Human Rights Organization,
Greensboro, NC**

My name is Rong Nay and I am the Assistant Director of the Montagnard Human Rights Organization, representing the Montagnard people living both in the United States and in the Central Highlands of Vietnam.

I would like to thank Congressman Crane and the Members of the Trade Subcommittee for the opportunity to share our feelings about the plight of the Montagnards that relate to the Jackson-Vanik amendment, free emigration and trade with Vietnam.

Mr. Chairman and Members of the Subcommittee, on June 18, 1998 and June 17, 1999 we strongly testified against the Jackson-Vanik Waiver for Vietnam for the following reasons:

- The Vietnamese government continues carrying out a policy of punishment and discrimination against the Montagnard people in the Central Highlands of Vietnam.
- The Vietnamese government continues to deny all basic human rights of the Montagnard people, and it maintains a policy of Cultural Leveling to force the Montagnards into extinction. For example, Montagnard languages can not be spoken or taught in school, and the Vietnamese government has destroyed Montagnard religions. All Montagnard churches in the Central Highlands have been closed since 1975 and it continues to prohibit religious freedom by controlling the activities of the Montagnard Protestant Church. Even the right to conduct religious services in our home is also denied. Violations of this nature result in extremely harsh reprisals.
- The Vietnamese government has not made sufficient progress towards a free emigration policy to warrant the waiver. A large number of eligible applicants has been denied exit permits or has not been processed because they were former FULRO movement families, former U.S government employees or religious leaders.

Besides administrative roadblocks, pervasive corruption at all levels of government creates additional obstacles to free emigration. In many instances, applicants to U.S. resettlement programs are demanded huge amount of money that the Montagnard people cannot afford. This in effect violates the spirit of the Jackson-Vanik amendment and also is against the law and policy in the United States.

The Montagnards have been blocked from international humanitarian aid groups since the collapse of South Vietnam in 1975. Several hundred foreign NGOs were permitted in Vietnam for relief and development efforts, but no American and almost no other foreign humanitarian aid agency is permitted in the Central Highlands for the Montagnards. Efforts to deliver aid to Montagnards in the villages almost always fail because of corruption within the province people's committees.

The Vietnamese government maintains "Restricted Areas" in the Central Highlands where elderly Montagnards of past US loyalties are kept and denied medical treatment. No foreigners are allowed access into these areas. No one in the world would know that they intentionally do it. But this is being done secretly.

Mr. Chairman and Members of the Subcommittee, we are here in Capitol Hill, Washington DC, a world far away from the Central Highlands of Vietnam. We are

honored to have our voice heard again today, and we strongly inform you that the Vietnamese government has not changed their policy since 1975.

Our Montagnard people have been cheated and discriminated for many years in Vietnam, but now we are being told to bribe, cheat, and split up our families so that some of us will have a chance for freedom in America. The Vietnamese government asks many refugees to act as secret agents of their government to inform them about the activities of our communities here in the U.S. They use fear to control our people.

When many Montagnards from the U.S. go back to Vietnam to visit their families, the local police government of Vietnam forces them to present themselves at the police office and investigates them with many questions about the Montagnards living in U.S. Most questions are about the former leaders of the Montagnard community. They are warned not to say anything to their family about the life in the U.S. How can the U.S. citizenship be forced to do this? This is not free travel or the spirit of free emigration.

In addition, the police have to follow them everywhere during their vacation day by saying that: "We have to protect you," but the U.S citizen has to feed and pay them for their police service. This is not free travel or free emigration.

We are the survivor groups of the Montagnard people living in the U.S. who strive to uphold the human dignity of the Montagnard living in the Central Highlands whose voices remain silent behind closed borders. Today, we are honored to have our voice heard, to speak, to stand for the Montagnards whose rights have been stripped away, and to present their situation to the people of the United States. We fought for freedom and independence against the Hanoi's violations, assimilation, and extermination of the Montagnard people. We pray that the Hanoi government will hear our true voice:

Why do we have no rights to live as human beings?

Why we cannot get our families out of Vietnam?

Why we cannot worship our Christian faith freely?

Why we cannot receive humanitarian aid and NGOs in the Central Highlands?

Why we cannot have the same opportunities in education and development as Vietnamese people?

Today, We ask only to be treated as human beings. We love our families and our children just the way the Vietnamese do.

The intention of the Jackson-Vanik Admendmen is to promote free emigration, but our Montagnard people continue to suffer separated from love ones. The Hanoi government writes FULRO anti-Revolutionary on the paperwork of the Montagnard people. This technique is to stop our relatives to emigrate to the U.S. Yes, FULRO was the Montagnard resistance movement, but it no longer exists. The war is over and our families should be together. We now struggle peacefully. The day of our freedom and independence is gone. We are a broken people, but we can stand up with hope and dignity.

The United States government is the only hope to get our Montagnard people out of Vietnam and help our Montagnard people who remain in the Central Highlands to have the rights to live and have the opportunity to develop their lives.

I beseech you on behalf of those whose cry has been silenced to help us end the cultural genocide that has pushed the Montagnard people of South Vietnam to the brink of extinction. Our people are hiding in fear or rotting in unmarked graves. We are not free to live in our own land, we are poised at the threshold of extinction and without help, the Montagnard will become swallowed up by their oppressors and disappear as a distinct people forever

The Jackson-Vanik Waiver should not be renewed until free emigration and Human Rights are respected. We believe that Free Trade should only be with a government that honors free emigration and basic human rights.

Thank you so much for the privilege of presenting my testimony

**Statement of Dolores Apodaca Alfond, National Alliance of Families,
Bellevue, WA**

We thank the committee for the opportunity to submit this statement for the record. We do this knowing full well that the decision to extend the Jackson-Vanick waiver as it applies to Vietnam has already been made.

Sadly, our nation is now lead by a group of hypocrites. Men and women who decry human rights violations, unless there is a profit to be made. Men and women who are now willing to strip our servicemen of a POW designation, should they become

captured in an "Operation other than War," and turn them into "isolated personnel." That's the new terminology currently used at the Department of Defense, "isolated personnel" and "operations other than war."

The National Alliance of Families for the Return of American's Missing Servicemen continues to be concerned with Vietnam's failure to provide information concerning our servicemen Prisoner and missing as a result of the War in Southeast Asia. In previous hearings, we provided indisputable evidence that Vietnam was salting recovery sites. We also provided extremely compelling evidence that one man, Army Captain John Mc Donnell, was alive in a POW camp in February 1973. Captain McDonnell is still among the unaccounted for. Where is Vietnam's "full cooperation?" The answer is simple. It doesn't exist. This administrations' claim of Vietnamese "full cooperation" is a myth created to justify trade with a nation that continues to withhold the truth regarding our POW/MIA's.

Another myth created to justify trade with Vietnam is their progress in the area of human rights. Vietnam continues to be an oppressive communist dictatorship. Human rights violations are rampant. All recognized Human Rights organizations, worldwide, continue to condemn Vietnam for its' oppression of religious freedom and freedom of speech. Yet, the United States turns a blind eye to these gross violations, and cites the very minimal changes occurring in Vietnam as progress that should be rewarded.

Would this Congress reward a man who beat his child seven days a week, because he scaled back and only beat that child six days a week? Of course not. Yet, this Congress continues to reward Vietnam, while they continue to withhold POW/MIA information and they continue their human rights violations.

Our expanded aid and trade with Vietnam has not opened Vietnam to democracy. It has not substantially reduced the incidents of human rights violations. Vietnam is still ranked high on the list of Amnesty International for their Human Rights violations. Nor, has our expanded trade succeeded in opening all of Vietnam's records on American POW/MIA's. Vietnam remains a closed society, oppressing its' people and doling out POW/MIA information as it suits their needs.

Let's be honest as to why we are granting another extension to the Jackson-Vanick waiver, as it applies to Vietnam. The reason is simple. Big Business profits and when profits factor into a decision principle goes out the window.

Just as we turned a blind eye to human rights violations in China, we now turn that blind eye to the human rights violations in Vietnam. We do this not to expose Vietnam, and other oppressive countries such as China, to western democracy. We do this so that corporate America can manufacture sneakers or jackets for under \$2.00 and sell them for well over \$100.00.

Extending the Jackson-Vanick waiver, as it applies to Vietnam, is NOT about human rights of the Vietnamese people. It is NOT about seeking the truth about our POW/MIA's. It is NOT about morality. It's about profit and we should at least be honest about it. We should also be ashamed.

[Attachments are being retained in the Committee files.]

Statement of Sandra J. Kristoff, New York Life International, Inc.

Over six years after the United States initiated the normalization of economic relations with Vietnam, that process—at once technical, emotional, and of great consequence for both countries—appears to be drawing nearer to a conclusion. New York Life International welcomes this opportunity to reiterate its conviction that full normalization is profoundly important to the economic and national security interests of the United States. We hope that the remaining steps in the normalization process can be completed as quickly as possible, and we urge the Subcommittee, and the House as a whole, to advance that process by accepting the President's renewal of the Jackson-Vanick waiver for Vietnam for another year.

Our company, along with so many others in the American business community, sees tremendous commercial potential in Vietnam. There is no question that a country of some 80 million industrious people represents a singularly attractive market for life insurance and many other American goods and services. At the same time, it is equally clear that New York Life's ability to compete effectively in Vietnam rests squarely on the existence of a fully normalized trading relationship between the United States and Vietnam, including the legal framework provided by a bilateral trade agreement. With our Asian, European, and other competitors already actively engaged in the Vietnamese market, it would be a major understatement to

say that New York Life is anxious for a rapid conclusion to the normalization process.

New York Life deeply appreciates the hard work that negotiators from both the United States and Vietnam have devoted to the conclusion of a bilateral trade agreement. Our U.S. negotiators have done a superb job in pursuing an agreement that is comprehensive, commercially meaningful, and will advance Vietnam's integration into the global economic community, including the World Trade Organization. The Vietnamese, for their part, have approached this negotiation as an opportunity to advance their country's economic development through greater competition and the rule of law.

The results of these efforts were evident in the preliminary agreement that was reached last summer. We know, of course, that this "agreement in principle" has not been without controversy in Hanoi. We fully appreciate that the commitments contained in the preliminary agreement were bound to generate much debate in Vietnam's economic policy circles.

Nevertheless, we support the position of Ambassador Barshefsky and her negotiators to stand by last summer's "agreement in principle" as the basis for moving towards a final agreement. The elements of a deal remain in place, and we are very much encouraged by recent signs that the two sides are working to finalize this technically difficult process.

Certainly where life insurance and other financial services products are concerned, the agreement in principle would have a major impact in expanding the ability of companies like New York Life to compete in the Vietnamese market. The agreement reportedly is based extensively on the disciplines that exist within the WTO's General Agreement on Trade in Services. We anticipate that Vietnam's commitments to these disciplines would be phased in over a 6-year period, bringing about a much more transparent and predictable framework for doing business in that country's life insurance market.

Since the lifting of the embargo and the beginning of political normalization, the United States and Vietnam have made great strides in healing painful divisions and building a productive dialogue. Many Members of Congress deserve enormous credit for their role in moving the relationship forward. The Administration has worked diligently to strengthen bilateral ties, while vigorously addressing important issues such as the POW/MIA effort. New York Life has especially appreciated the tremendous skill and credibility Ambassador Peterson has brought to managing the relationship in Hanoi.

In addition, the American business community has also played a prominent role in strengthening the friendship between the two countries, and New York Life International is proud to have been a part of that effort. In this 25th anniversary year of the conclusion of the Vietnam War, our company is convinced that the time is ripe to bring the normalization process to its full conclusion. Our involvement in Vietnam to date persuades us that full economic engagement is the right way to achieve the U.S. interest in a stable, prosperous, and progressively freer society in Vietnam.

We remain hopeful that the two governments will conclude the bilateral trade agreement rapidly, so that Congress can consider and approve that agreement by the end of its current session. That outcome clearly will require significant efforts on the part of everyone involved. But the costs of allowing the normalization process to slide into another year are considerable, both for American business interests and for the broader national interest in placing U.S.-Vietnam relations firmly on a new track.

In the interim, it is vitally important that Congress allow the current Jackson-Vanik waiver to remain in effect for another year, as the President has proposed. While the waiver currently does not allow for the extension of NTR status, the programs that are available by virtue of the waiver, including those of OPIC and the Ex-Im Bank, are making important contributions to the expansion of an American commercial presence in Vietnam.

More importantly, the waiver sends a signal of engagement that is essential to ensuring continued progress in all areas of the relationship, including with regard to the ongoing trade negotiations. In particular, renewal of the waiver will provide a critical message of support for the ongoing process of economic reform and liberalization in Vietnam. While that reform effort has not always progressed as swiftly or as smoothly as we would like, a rejection of the Jackson-Vanik waiver would certainly be seized upon by opponents of reform as an excuse to reverse the considerable progress achieved during the last decade.

New York Life International is grateful for the Subcommittee's interest in U.S.-Vietnam economic and commercial relations. We hope that members of the Subcommittee will join us in urging officials of both the U.S. Administration and the

Vietnamese Government to “seize the moment” by rapidly concluding the bilateral trade agreement.

Statement of Bruce R. Harder, Veterans of Foreign Wars of the United States

Mr. Chairman and Members of the Subcommittee:

The Veterans of Foreign Wars of the United States is pleased to be able to make a written statement for the record.

This statement is the written testimony of Bruce R. Harder, Director, National Security and Foreign Affairs of the Veterans of Foreign Wars of the United States. We understand that the purpose of today’s hearing is to evaluate U.S. trade relations with Vietnam and to consider President Clinton’s renewal of Vietnam’s waiver under the Jackson-Vanik Amendment to the Trade Act of 1974.

This written testimony presents the VFW leadership’s views on the impact of the President Clinton’s 12-month renewal of Vietnam’s waiver under the Jackson-Vanik Amendment to the Trade Act of 1974. The VFW’s remarks are limited to describing the effect that the President’s action is expected to have on the Prisoner of War (POW) and Missing in Action (MIA) issue that resulted from the Vietnam War.

Our opinion is based on a recent VFW leadership trip to Southeast Asia that took place from March 18th to April 2, 2000. The VFW delegation included: the Senior Vice Commander-in-Chief, John F. Gwizdak, Junior Vice Commander-in-Chief James N. Goldsmith, Past Commander-in-Chief Billy Ray Cameron, and Director, National Security and Foreign Affairs, Bruce R. Harder. On the fact-finding trip, the VFW delegation visited Thailand, Laos, and Vietnam.

The purpose of the trip was to collect facts, receive update briefings, meet key personnel, discuss progress on POW/MIA accounting directly with them, and make an assessment of the POW/MIA accounting effort in Southeast Asia. Our national officers traveled to Southeast Asia to demonstrate our continuing commitment to the “fullest possible accounting” process for Missing Americans from the war. We traveled to Southeast Asia to gain first hand experience and listen to key U.S. and foreign government officials and foreign veterans’ organizations.

On the trip, the VFW delegation met with top level U.S. government personnel in each country. Our visit included office calls with the either the U.S. Ambassador or Chargé d’Affaires in the case of Lao P.D.R.; the Commanders of Joint Task Force Full Accounting Detachments One (Thailand), Two (Vietnam), and Three (Laos); the Commander of the JTF-FA Joint Field Activity (JFA 00-3L) in Laos, and other key U.S. diplomats and U.S. military personnel. In addition, the VFW delegation spent three days in the field working out of the Ban Along Base Camp in Southeastern Laos on a Joint Field Activity searching for remains of missing Americans from the war. As in the past, we found the Americans deployed under the command and control of Joint Task Force-Full Accounting including teams from the Army’s Central Identification Laboratory Hawaii to be highly motivated, dedicated, and focused on the mission.

Furthermore, the VFW delegation met with Lao and Vietnam veterans group officials and high-level foreign government officials in Laos and Vietnam to include the Director of the Vietnamese Office for Seeking Missing Personnel. We wanted to make sure that the key officials in each country understood that accounting for our missing comrades is still a priority issue with the VFW. Our views are based on experience gained during our recent visit, and from additional research and interviews conducted by the VFW.

The POW/MIA issue has been and remains a priority issue with the Veterans of Foreign Wars of the United States. VFW Resolution Number 443, “Americans Who Are Prisoners of War or Missing in Action,” provides the VFW’s policy on the POW/MIA issue as it relates to those Americans unaccounted-for from all our nation’s past wars. Our policy is broken down into two simple goals. The VFW’s first goal is to reach the fullest possible accounting of Americans missing from all our nation’s past wars. Our second goal is to urge the President of the United States of America and every member of the Congress to speak out on every occasion to expedite the return of those U.S. servicemen who are still unaccounted for from all our nation’s past wars. To the VFW, full accounting means the return of either a live American serviceman or his identified remains to this country and his family for proper military burial with full honors.

With 2,020 (1,517 in Vietnam) Americans still missing from the War in Southeast Asia, the government still has much work to do before the accounting process is

complete. The VFW supports the current U.S. government effort to achieve the fullest possible accounting effort for those Americans who did not return home from our nation's past wars, but we believe that more can be done to accelerate the accounting effort. For example, assigning additional personnel and providing additional financial resources to the U.S. Army Central Identification Laboratory Hawaii can accelerate the accounting process. In addition, the Defense Prisoner of War/Missing Personnel Office should be fully staffed and excluded from any planned Department of Defense personnel or structure reductions. Finally, we should encourage Lao P.D.R. government leaders to remove the personnel cap that limits the number of Americans in country to 40 during joint field activities. In theory, if the Lao government allowed the U.S. to double the size of our JFA personnel, we could double the pace of the accounting process in Laos. Because of environmental factors and other issues such as aging witnesses, the longer the process, the more difficult the task of accounting becomes.

The VFW believes that it plays an important role in staying engaged with the U.S. government and other organizations on the POW/MIA issue. We closely review the government's program, policy, and activities for accounting for Americans who remain "unaccounted-for" from all of our nation's past wars. As one of the largest and most respected veteran's organizations, we believe it is our responsibility to closely monitor activities and developments in the POW/MIA area and to take an active role when it is appropriate.

I am responsible for keeping our National POW/MIA Committee, our Department POW/MIA Chairmen, and our national leaders informed on the POW/MIA issue. We accomplish our goals by staying in frequent contact with the Defense Prisoner of War/Missing Personnel Office (DPMO), and other veteran and family organizations on the issue. In addition, I closely monitor the news media and stay in regular contact with State Department representatives on issues related to POW/MIA accounting.

The VFW has been making trips to Vietnam since July 1991. On our first trip VFW officials accompanied Congressman Lane Evans of Illinois and representatives of other Veterans Service Organizations to visit Hanoi, Hue City, and Ho Chi Minh City. Since that first visit, the VFW has made regular annual visits back to Southeast Asia. In 2000 VFW representatives will visit Vietnam and Thailand on two separate occasions, and Laos on one occasion. Our mission on every trip to Southeast Asia has been the same. We urge both U.S. Government and foreign government officials and their veteran's organizations to diligently work toward resolving the cases of Americans missing from the war in Southeast Asia. The VFW sends national officers to Southeast Asia each year to help remind all involved that the mission is not yet completed. We will not rest until the mission is accomplished and our missing comrades are accounted for. We will not forget those who were left behind. Our goal is to bring home every missing American warrior.

Our trips to Vietnam have occurred both before and after the trade embargo was lifted and diplomatic relations were established. Since the establishment of diplomatic relations between the United States and Vietnam, we have not seen any decrease in the effort to account for our missing men on the part of either the U.S. or Vietnam. On our visit to both Vietnam and Laos this year, we saw no evidence that current U.S. government policies on trade were having a negative effect on the MIA accounting process.

We believe that current U.S. trade policies towards Vietnam have resulted in both gradual improvements in U.S.-Vietnamese relations in general and proportional improvements in Vietnamese cooperation in efforts to account for missing Americans from the war. A few examples of better overall U.S.-Vietnamese cooperation are taken from the VFW report of our most recent visit to Southeast Asia in March-April 2000.

The following conclusions from our trip report are offered as a result our discussions, meetings, and observations during the subject visit:

Our report states, "In Vietnam, on the issue of unaccounted for Americans from the War in Southeast Asia, my conclusion is that the Vietnamese government appears to be cooperating 'in good faith' with the U.S. government in working to resolve the issue. However, there is always room to improve the process."

Evidence that Vietnamese cooperation is happening is as follows:

a. The Vietnamese government primarily assists the U.S. accounting effort with the Vietnamese Office for Seeking Missing Personnel (VNOSMP) which is part of their Ministry of Foreign Affairs. Also, it has established a unilateral program to distribute information about missing Americans to Vietnamese citizens.

b. The VNOSMP has made significant improvement in terms of the quality of their Unilateral Investigations over past several years. Since April 1996, Vietnam has conducted 15 unilateral investigations. The results of these unilateral investiga-

tions have been delivered to JTF-FA. In April 1999, Vietnam presented comments on the over 600 "no further pursuit" cases. VNOSMP says it will invest more time and personnel to unilateral operations to meet the desires of the American Congress, families of the missing, and veterans' organizations.

c. The Vietnamese Office for Seeking Missing Personnel told us that they regularly receive information from Vietnamese citizens about missing Americans and share that information with JTF-FA Detachment Two.

d. VNOSMP cooperated and worked closely with DPMO to provide information to help complete the DPMO "Remains Study" which was published on June 14, 1999. According to DPMO, the Vietnamese participated in the effort to an unprecedented degree, sharing insights with U.S. analysts, facilitating interviews with knowledgeable sources, conducting investigations when asked, and turning over documents in response to requests. DPMO is continuing to seek more data about the extent and limits of Vietnam's collection of American remains. The process of seeking additional information on the remains issue continues.

e. VNOSMP obtains access for JTF-FA research and investigative teams.

f. VNOSMP says that it fully understands the importance of documents to the U.S. identification process. They claim to have provided more than 160 documents to the U.S. government that are related to missing American servicemen. Mr. Hung said that VNOSMP stands ready to do more and continues the search for additional U.S. MIA related documents.

g. Vietnamese officials have agreed to focus their efforts on the 41 Last Known Alive cases. According to VNOSMP, joint investigations have resulted in determining that 155 individuals from the original Last Known Alive list of 196, have died. In April and August 1999, two technical meetings were held in Hanoi during which the most capable U.S. and Vietnamese specialists exchanged information and discussed ways to investigate the remaining cases.

h. VNOSMP said Tri-lateral Operations (U.S./Vietnam/Laos) have been successful. To date, Vietnam has sent 33 Vietnamese witnesses to Laos to participate in investigations involving 31 cases. The investigations have resulted in identifying 11 potential burial sites. In addition Vietnamese witnesses have traveled to Cambodia to take part in the investigation of 4 cases. This resulted in the successful excavation of one case. Vietnamese documents and witnesses are one of the best potential sources for resolving many cases of missing Americans in Laos and Cambodia. The Vietnamese have agreed to continue cooperative Tri-lateral efforts, especially with Laos.

i. The Oral History Program and document turnover have been relevant for case investigation and resolution. From January 1992 to the present, 245 oral history interviews were completed. Vietnamese officials promised continued cooperation in the search for additional documents, and said they have issued directives asking the Vietnamese people to bring forward any information they have on U.S. MIAs.

j. On live sighting investigations, VNOSMP said that they would continue to cooperate when requested by the U.S. to assist in investigations. VNOSMP said that they have participated in more than 130 investigations with over 500 witnesses interviewed and none of the investigations have resulted in any useful information. VNOSMP has concluded that all of the live sighting reports to date have been false, and have result in the waste of time and energy. JTFFA Detachment Two briefed us that 96 live sighting investigations have been conducted in Vietnam, and that none of the investigations led to any credible evidence of a live American from the war was held against his will after Operation Homecoming was completed in 1973.

k. As indicated earlier in the report, bilateral operations between the United States and Vietnam have been successful. Since January 23, 1992, CILHI recovery teams have recovered and repatriated 307 sets of remains from Vietnam. To date, CILHI has identified 136 sets of remains. Five JFAs are conducted in Vietnam each year.

Also, in Vietnam, leads and excavation sites will probably begin to thin out in 2002. Given the current number of planned investigations and excavations, JTFFA operations in SRV will continue on a steady pace until at least FY2004. Cases remaining unresolved at that point will be extremely difficult to resolve because of the lack of information, terrain, and other factors. Their resolution may have to wait until new leads are uncovered in the future.

Some additional examples of progress on the POW/MIA issue is listed below according to the four criteria used by the Administration to measure Vietnamese cooperation.

The first criteria are the efforts by Vietnam to recover and repatriate American remains. Since 1973, **563** Americans have been accounted for in Southeast Asia. Of that total, **406** were accounted—for from Vietnam. Also, since 1988, 59 Joint Field Activities (JFAs) have been conducted in the SRV (**44** since 1992). Four JFAs were

conducted in SRV last year (1999). Typically, each JFA in SRV involves more than 100 U.S. personnel working with Vietnamese counterparts doing investigations and excavation operations. Between February 22, 2000 and May 24, 2000, Joint Task Force-Full Accounting (JTF-FA) conducted 2 Joint Field Activities (JFAs) in Vietnam. The past two JFAs resulted in the repatriation of 6 sets of remains. Over this period the Central Identification Lab Hawaii (CILHI) has identified 2 individuals representing 2 different cases. As of March 1, 2000, JTF-FA Detachment Two has repatriated 307 sets of remains from Vietnam and the Central Identification Laboratory Hawaii has identified 136 individuals who were previously unaccounted—for.

In addition, the SRV has been responsive to U.S. requests to conduct case-specific unilateral investigations. These investigations include witness interviews and archival research. Each year the SRV reserves two periods during which Vietnamese unilateral teams conduct investigations and then report their findings to U.S. officials. Vietnamese unilateral investigation teams have provided reports on 48 different cases. As of June 1, 2000, the total number of unilateral reports received since 1996 is 272. Vietnam's unilateral efforts have supported the U.S. "Remains Study" that evaluates the SRV's official efforts to recover American remains. The SRV responses provided to U.S. questions reflect extensive research and investigative activity. In one instance, the SRV's investigative results lead directly to the identification of U.S. remains.

The VNOSMP pledged to continue cooperation with the U.S. government to execute joint and unilateral operations designed to resolve the cases of missing Americans from the war to the fullest extent possible.

In November 1998, Mr. Robert L. Jones, DASD DPMO, requested an SRV Foreign Ministry review of the "deferred" and "no further pursuit" category of unaccounted-for cases. The idea was to determine if the Vietnamese possessed additional information pertaining to these cases. Vietnamese Vice Foreign Minister Bin promised a formal response to Mr. Jones by the end of March 1999, and the response was delivered to DPMO on time. Analysts at JTF-FA and DPMO are now reviewing and analyzing the Vietnamese response.

The second criteria are the continued resolution of "last known alive" (LKA) priority discrepancy cases. Of the 196 persons associated with "last known alive" cases (individuals who survived their loss incidents, but did not return alive and remain unaccounted-for) in Vietnam. Fate has been determined for all but 41 of these individuals. Determination of the fate for individuals on this list last occurred on March 1, 2000 when the fates of **2 more individuals were determined.**

Of the 155 "last known alive" cases whose fate has been determined, DoD has resolved the cases or identified the remains of 40 formerly unaccounted-for Americans who were originally on the LKA list. Since 1993, 18 last known alive cases have been resolved. These are the most difficult cases to solve.

The special remains list is a representative sampling of cases for which the U.S. government has evidence that the SRV government, at one time, possessed remains of American servicemen that were still unaccounted for in 1993 when the report was prepared and given to the SRV. The U.S. government has resolved special remains cases involving 21 individuals. This reduces the original list of 98 individuals on this list to the present list of 77 individuals.

The third criteria are Vietnamese assistance in implementing the trilateral investigations with Laos. Since 1994 when the agreement for these investigations was signed, a total of 39 Vietnamese witnesses have participated in operations in Laos and Cambodia. In March 1999, a Laotian witness participated in an investigation in Cambodia. As of April 1999, Vietnam identified more than 40 witnesses for participation in future operations in Laos. Eight witnesses were identified since December 1, 1998.

The fourth criteria are accelerated Vietnamese efforts to provide all POW/MIA related documents. Since 1994, when Vietnamese unilateral search teams were created, the Vietnamese Office for Seeking Missing Personnel (VNOSMP) has provided 14 separate turnovers totaling more than 300 documents that consist of 500-600 untranslated pages. Recently, VNOSMP provided 12 documents in two separate turnovers. These were related to the U.S. study of Vietnam's collection and repatriation of U.S. remains or "Remains Study." In addition, 263 oral histories have been conducted not including the hundreds completed during JFA operations. Finally, over 28,000 archival items were reviewed and photographed since January 1993 by joint research teams.

Since we did not observe a decrease in the POW/MIA accounting and cooperation effort with the Vietnamese after the lifting of the trade embargo, establishment of diplomatic relations, and past waiver of the Jackson-Vanik Amendment, it suggests that this year's waiver of the Jackson-Vanik Amendment restrictions will not result

in any decrease in cooperation between our countries on the POW/MIA issue. The Vietnamese know that the POW/MIA accounting is the single most important issue governing the relationship between our two countries. Based upon our observations and conversations with JTF-Full Accounting personnel and other U.S. government officials during our visit to Vietnam in March 2000, it is my opinion that current trade relations with Vietnam have not hindered the accounting process for missing Americans. Also, if improving U.S.-Vietnamese trade relations and normalizing our diplomatic relationship with Vietnam helps us reach our goal of achieving the "fullest possible accounting" of missing Americans, then these steps seem to be producing the intended positive results.

The VFW has had a POW/MIA initiative for the last several years. Briefly, we encourage our members to come forward with information and documentation about Vietnamese casualties from the war. Keeping the information anonymous, we then present the information to the Vietnamese veterans' organization when we visit Vietnam. We have presented information about their losses to their veterans on four different occasions. We believe this initiative has helped improve relations with the Vietnamese people, and shows American sincerity in attempting to resolve this issue. Feedback from Joint Task Force-Full Accounting personnel permanently stationed in Hanoi, indicates that this initiative others like it, have resulted in improved cooperation between U.S. personnel and Vietnamese counterparts. Also, we have asked the Vietnamese veterans for help in resolving some of the most difficult cases of our missing in action.

In conclusion, the VFW believes that progress has been made on POW/MIA accounting in Vietnam, Laos, and Cambodia since the establishment of Joint Task Force-Full Accounting in January 1992. Over the past decade years, we have developed an effective and cooperative relationship with Vietnam on the POW/MIA issue. Since 1992, this partnership with Vietnam has produced reasonable results in the accounting process, but more work still remains. Twenty years ago the relationship between our countries was inhospitable and as a result, the POW/MIA accounting process was slow and less productive. Our visits to Southeast Asia, our meetings and discussions with both the Department of Defense and Department of State officials here in Washington, and our constant review of monthly POW/MIA progress, lead us to the conclusion that we should continue the policy of engagement with Vietnam. We believe that the current relationship between the U.S. and Vietnam is helping the POW/MIA accounting process.

Finally, our primary goal is to achieve the fullest possible accounting of Americans missing from the war in Southeast Asia as well as all Americans missing from all our nation's wars and conflicts. We think the normalization of trade relations between the United States and Vietnam helps to accomplish this goal. Our view is that the current effort with Vietnam, Laos and Cambodia is producing positive results. Certainly, we are not satisfied that it has taken so long to reach this point. The current accounting effort should have begun the moment the war ended, but unfortunately our country was unable to develop an effective working relationship with Vietnam on this issue until years after the war ended. We will continue to remain vigilant and press our government and the governments of Vietnam, Laos, and Cambodia to reach the fullest possible accounting as soon as possible. No matter how long it takes, the VFW will continue to support the effort and strive to reach our goal—the fullest accounting for every missing American warrior.

Mr. Chairman and Members of the Subcommittee, thank you for this opportunity to present the views of the Veterans of Foreign Wars of the United States on the issue of U.S.-Vietnam Trade Relations.

