



Committee On Finance

Max Baucus, Ranking Member

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Senator Max Baucus Delivers Speech on U.S.-Vietnam Trade and Economic Relations

(WASHINGTON, D.C.) Today, Senator Max Baucus, Ranking Member of the Senate Finance Committee, delivered the keynote speech on U.S.-Vietnam Trade and Economic Relations at a forum on bilateral trade between the two countries ten years after they normalized diplomatic relations. This forum was held as part of Vietnamese Prime Minister Phan Van Khai's historic visit to the United States. Senator Baucus's remarks follow:

Remarks of Senator Max Baucus on U.S.-Vietnam Trade and Economic Relations

I am honored to be here for the first ever visit of a Vietnamese Prime Minister to the United States, and to celebrate 10 years of normal relations between our two countries. It's not something I envisioned I would be doing 30 years ago, when the last U.S. soldier left Vietnam.

Thank you, Deputy Prime Minister Vu Khoan, for your kind words. And thank you Ginny Foote at the U.S.-Vietnam Trade Council, for all of your hard work to make this possible.

VISIONS OF VIETNAM

We all have a stereotypical vision of Vietnam in our minds. Sadly, this is largely a vision of jungles and battle fatigues and mud – all shaped by the movies of the Vietnam War that we watched in the 70s and 80s. A vision stuck in the past.

Of women in conical hats and blackened teeth struggling to make do in an emerald green rice paddy. Or of bicycle riders pedaling in darkness through the winter gloom of nighttime Hanoi.

I recently saw a fantastic picture book of Vietnam, which certainly dispelled these stereotypes. The picture book – called "Bikes of Burden" – should be required reading for anyone interested in Vietnam today.

The book has 150 pages of pictures of people on motorbikes. In one photo, a motorbike driver – sporting a baseball cap, sunglasses, and jeans – carries hundreds of ducks to market on the back of his bike. In another, a driver precariously balances his delivery of seven bed mattress on his

Honda Dream motorbike. In another, laughing Vietnamese schoolgirls clad in beautiful white ao dais whisk through Ho Chi Minh City in the late afternoon sun.

This surely is not the vision of Vietnam Yesterday. Instead, this book captures the vision of Vietnam Today. A vision of commerce everywhere you look. A vision of 80 million vendors and consumers buying and selling something on every corner of every street of every city. A vision of motorbikes and cars whizzing by smart new office towers and industrial parks.

A vision of hip and fashionable twenty-somethings zipping on their motorbikes around the center lake of Hanoi or up and down the streets of District 1 in Ho Chi Minh City.

It is a vision of a country on the go. It is a vision of progress. It is vision of the future.

U.S.-VIETNAM NORMALIZATION

And that future is all the brighter in light of our joint efforts to normalize diplomatic and economic relations between our two nations. As we all know, the normalization process was fraught with difficulties. But both of our nations rose to the challenge. We cleared each hurdle in front of us. We built a solid foundation for future cooperation and mutual respect.

Look at what we have accomplished together:

- We lifted our trade embargo on Vietnam in 1994.
- We established diplomatic relations in 1995.
- We exchanged our first Ambassadors in 1997.
- We signed our successful Trade Agreement in July 2000.

We watched President Clinton make his historic visit to Vietnam in December 2000 to enjoy the warm and enthusiastic greeting by the Vietnamese people. That was the first U.S. Presidential visit since July of 1969, when Richard Nixon spent six hours in South Vietnam during the height of the war.

I and others fought for Congress to grant Vietnam conditional normal trade relations status in 2001.

We saw in 2003 the first post-war visit of a U.S. warship – the USS Vandergrift – which made its way up the Saigon River. And we saw the first U.S. navy sailors walk the streets of Ho Chi Minh City since the fall of Saigon in 1975.

And today, we are witness to another piece of history, as we join in honoring Prime Minister Phan Van Khai on the occasion of his historic visit.

Given these accomplishments, it is hard to imagine that our two countries struggled for so many years in such a fierce and protracted war. From sworn enemies, we have become – in such a short time – the poster children for reconciliation. It is a model for others to follow.

THE NEXT STEPS IN NORMALIZATION: WTO ACCESSION AND PNTR

We've done a lot. But we are not finished. We have two final stops on the road to normalization. And these are two stops that I care about very much – Vietnam's accession to the WTO, and Congress's grant of Permanent Normal Trade Relations, or "PNTR," to Vietnam.

Vietnam belongs in the WTO. The WTO should welcome Vietnam in as quickly as possible – hopefully by the WTO's December Ministerial in Hong Kong. A country of over 80 million people, with economic growth rates of 7 percent or more, belongs in the world trading system.

But joining the WTO is no easy ride. As you know, it is a difficult process. It involves painful economic restructuring and difficult trade concessions.

But it is worth the cost. Countries inside the WTO system are much better off than those on the outside. They benefit from the rules and protections shared by 148 other economies. Unfortunately, these are benefits that Vietnam does not yet enjoy.

I encourage the Vietnamese government – from the Prime Minister on down – to do everything you need to, and as quickly as possible, to conclude your bilateral and multilateral discussions. That will send an important signal to WTO members that you are ready to play ball to join the WTO.

VIETNAM IN THE CONTEXT OF U.S. TRADE POLICY

America also has reasons for wanting Vietnam to join the WTO. Vietnam's accession to the WTO – and the process that Congress will undertake to grant permanent normal trading status to Vietnam – will be good for the United States and good for the future U.S. trade policy.

This is a difficult period in U.S. trade policy. As you know, the congressional debate on CAFTA – a free trade agreement between the United States and 6 other countries – has exposed deep fissures in Congress.

Republican and Democratic members alike have deep concerns about the direction of U.S. trade policy. Many fear that our trade agreements are no longer working for Americans. Many believe that we spend too little time enforcing those agreements that we have on the books.

It has not helped that, over the past few years, our trade agreements have become less relevant to U.S. commercial interests. We have been choosing free trade agreement partners based on foreign policy and using the scarce resources at USTR to negotiate agreements without much commercial relevance to our economy.

As a result, it becomes harder to muster the enthusiasm necessary to get a trade agreement through Congress.

Trade with Vietnam is different. The opportunities for U.S. exporters are staggering. Vietnam has 80 million consumers. Most Vietnamese are younger than 25 years old. These potential consumers should and will entice American business.

Just look at the statistics.

- Vietnam has a literacy rate of over 90 percent.
- Per capita income there has nearly doubled since the 1990s.
- The share of families in poverty has fallen from 70 percent a decade ago to 30 percent today.
- Ho Chi Minh City alone has 37,000 private small businesses.
- And Vietnam's economy is growing 7 percent per year.

It is staggering to think about how much Vietnam has accomplished in such a short amount of time. Fifteen years ago, the statistics I just cited were not this good. The dynamism so obvious today in Hanoi and Ho Chi Minh City had not yet appeared.

In those days, Vietnam struggled to feed its own people. Now, Vietnam has become the world's second-largest exporter of rice.

With the U.S.-Vietnam Bilateral Trade Agreement, we are bearing witness to Vietnam's successful economic transformation. U.S.-Vietnam trade – at over \$6.2 billion in 2004 – is four times the level it was when the trade agreement came into force in 2001.

Although much of this trade growth has been from rising imports of Vietnamese goods, I expect that Vietnam's accession to the WTO will help lay the foundations for continued growth in U.S. exports to Vietnam. And not just in sectors like aircraft and machinery which are already doing well in Vietnam, but also in areas like insurance, banking, and telecommunications, where U.S. service providers typically thrive in overseas markets.

U.S.-Vietnam trade is a good thing. We can get excited about it. It has the potential to attract a good deal of congressional support. And it reminds us why a robust trade policy makes sense for the United States.

I look forward to Vietnam's accession to the WTO and to helping shepherd PNTR for Vietnam through the Senate. I hope that these can be among the first bricks in the foundation of a revived bipartisan U.S. trade policy.

LOOKING TOWARD PNTR

But, you must help me out here, Mr. Deputy Prime Minister. You will have to help me explain to my increasingly skeptical colleagues why PNTR for Vietnam and your accession to the WTO are good for the United States and good for Americans.

So I need your help on two things.

The first way to help me is to vigorously implement your commitments in our bilateral trade agreement. I know that you have done a remarkable job of implementing the agreement over the past few years and have benefited greatly from the technical assistance programs that the U.S.-Vietnam Trade Council, USAID, and others have provided. But there are lingering concerns, particularly in intellectual property rights.

Congress cares deeply about enforcement – in intellectual property rights as well as in other areas like trading rights and services. And in this political climate – particularly as the vote approaches on PNTR with Vietnam, it will be very important to demonstrate the extent to which Vietnam is addressing the implementation concerns of the U.S. Government.

The second way that you can help me is to finish your negotiations with the United States – both the bilateral market access deal and the more general “WTO rules” negotiations – which we view as a package. Now is the time to put all of your cards on the table and conclude a deal that we can all be happy with. A deal that our respective legislatures can showcase as a great success.

U.S. demands on market access and WTO rules are not extraordinary. They are in line with what the United States expects of other WTO applicants. It will be very hard to sell to Congress a deal that looks less robust than those the United States has concluded with other WTO members.

Those are the two keys ways that you can help me to help you secure support for your accession, and for granting Vietnam PNTR.

I know that these are not easy tasks. But we have come so far together already. We need go just a bit further to complete the normalization process. We need to rise to the challenge together, and reap the benefits.

And so, I once again honor our distinguished visiting delegation. I join in wishing you a productive and enjoyable visit. And, in the words of a great American film about the reconciliation of two other erstwhile adversaries, may this be “the beginning of a beautiful friendship.”

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