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# U.S.-VIETNAM TRADE RELATIONS

## HEARING

BEFORE THE

SUBCOMMITTEE ON TRADE

OF THE

COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES

ONE HUNDRED FIFTH CONGRESS

SECOND SESSION

JUNE 18, 1998

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# U.S.-VIETNAM TRADE RELATIONS

**THURSDAY, JUNE 18, 1998**

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

The Subcommittee met, pursuant to notice, at 10:05 a.m., in room B–318, Rayburn House Office Building, Hon. Phil Crane (Chairman of the Subcommittee) 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
June 9, 1998
No. TR–27

# Crane Announces Hearing on U.S.-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 U.S.-Vietnam trade relations, including the President's renewal of Vietnam's waiver under the Jackson-Vanik amendment to the Trade Act of 1974. The hearing will take place on Thursday, June 18, 1998, in room B–318 Rayburn House Office Building, beginning at 10:00 a.m.

Oral testimony at this hearing will be from both invited and public witnesses. 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 most-favored-nation (MFN), or normal, tariff treatment, as well as access to U.S. government credits, or credit or investment guarantees, to nonmarket economy countries ineligible for MFN treatment as of the enactment of the Trade Act. A country subject to the provision may gain MFN treatment and coverage by U.S. trade financing programs only by complying with the freedom of emigration provisions under the Act. The extension of MFN 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 Act authorizes the President to waive the requirements for full compliance with respect to a particular country if he determines that such 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 and the successful implementation of the Paris Peace Accords. 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 Pete Peterson as U.S. Ambassador to Vietnam.

On March 9, 1998, the President issued a waiver from the Jackson-Vanik freedom of emigration requirements for Vietnam. Because Vietnam has not yet concluded a bilateral commercial agreement with the United States, it is ineligible to receive MFN tariff treatment. The President's waiver for Vietnam, however, gives that country access to U.S. government credits, or credit or investment guarantees, such as those provided by the Overseas Private Investment Corporation and the Export-Import Bank. The President's waiver expires on July 3, 1998. 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 (i.e., by not later than June 3). On June 3, 1998, the President issued his determination to waive the requirements for Vietnam for the period of July 3, 1998, to July 2, 1999.

The waiver authority continues 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. On June 5, 1998, H.J. Res. 120 was introduced, disapproving of the President's waiver determination for Vietnam.

**FOCUS OF THE HEARING:**

The focus of the hearing will be to evaluate overall U.S. trade relations with Vietnam and to consider the President's renewal of Vietnam's waiver under the Jackson-Vanik amendment to the Trade Act of 1974. The Subcommittee is interested in hearing testimony about Vietnam's emigration policies and practices, on the nature and extent of U.S. trade and investment ties with Vietnam and related issues, and on the potential impact on Vietnam and the United States of a termination of Vietnam's waiver. Finally, witnesses may also address U.S. objectives in the ongoing negotiations with Vietnam to conclude a bilateral commercial agreement.

**DETAILS FOR SUBMISSIONS OF REQUESTS TO BE HEARD:**

Requests to be heard at the hearing must be made by telephone to Traci Altman or Bradley Schreiber at (202) 225–1721 no later than the close of business, Friday, June 12, 1998. 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 5.1 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 16, 1998. 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 5.1 format, with their name, address, and hearing date noted on a label, by the close of business, Tuesday, June 23, 1998, 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, at least one hour before the hearing begins.

**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://WWW.HOUSE.GOV/WAYS__MEANS/'.

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.

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Chairman CRANE. Will everybody who can find one take a seat? And we want to commence here because we've got time constraints I know for the Senator and for our colleague Dana Rohrabacher.

Dana, you will want to come up here and grab a chair. And let's see, we will commence with you, Senator Kerry, and traditionally we try and get everybody to keep their oral presentation to 5 minutes. Any written statements will be made a part of the permanent record. But if you feel, you're not under a tight time constraint, you can go ahead and go beyond 5 minutes. That is only extended to colleagues.

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

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

Good morning. Welcome to this hearing of the Subcommittee on Trade on U.S.-Vietnam Trade Relations.

Since the early 1990s, the United States has taken gradual steps to normalize our relations with Vietnam. This process has been most noticeable by President Clin-

ton's lifting of the trade embargo against Vietnam in 1994, followed by the normalization of diplomatic relations in 1995 and the appointment of our former colleague Pete Peterson, who will testify today, to serve as U.S. Ambassador to Vietnam.

Currently, the Office of the United States Trade Representative is negotiating a bilateral commercial agreement which will serve as the foundation for an extension of reciprocal most-favored-nation (MFN), or normal, tariff treatment after the agreement is concluded and approved by Congress. As an interim step, the President issued a waiver for Vietnam earlier this year from the freedom of emigration criteria in the Jackson-Vanik amendment to the Trade Act of 1974. Because Vietnam is not yet eligible for MFN trade status, the practical effect of this waiver is to enable U.S. government agencies such as the Overseas Private Investment Corporation and the Export-Import Bank to provide financing to U.S. firms interested in doing business with Vietnam.

The steps already taken to normalize our relations have been contingent upon full cooperation by Vietnam on the resolution of remaining POW/MIA cases. In addition, Vietnam's continued progress on processing emigration cases is absolutely essential to justify the President's determination that waiving the Jackson-Vanik criteria will substantially lead to the achievement of the emigration objectives. Full cooperation by Vietnam in all areas of our bilateral relationship is an absolute prerequisite to laying the groundwork for Congressional consideration in the future of a bilateral commercial agreement and extension of MFN tariff 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.

**Opening 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 Vietnam has made noticeable progress in reforming the country's economy since 1986, moving away from its centrally-planned economy to a more market-oriented one. Vietnam's own policy of political and economic reintegration in the world must be encouraged, especially in light of recent economic decline in the region.

Hopefully, just as the Vietnamese Communist Party has relinquished 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 tripled since 1994, reaching to $666 million in 1997. The U.S. is the 8th largest foreign investor in Vietnam, with $1.2 invested in the country.

I know some people testifying today will discuss the status of POWs and MIAs still believed to be in Vietnam and I look forward to learning more about their concerns, as well as the potential for locating any more of America's brave soldier with the help of the Vietnam government.

Knowing how crucial 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 today's witnesses about the importance and implication of U.S.-Vietnam trade relations.

Chairman CRANE. So, we'll start with you Senator, yes.

## STATEMENT OF HON. JOHN F. KERRY, A U.S. SENATOR FROM THE STATE OF MASSACHUSETTS

Senator KERRY. Mr. Chairman, thank you very, very much. Bob, it's good to be here with you. And thank you for the privilege of testifying before the Subcommittee.

This is obviously a very important decision—the question of the President's decision to waive Jackson-Vanik and the House and the Congress' rights with respect to that now. Let me say at the outset

that I very, very strongly support the President's decision. And I believe that overturning it would have very serious negative consequences not just for our relationship with Vietnam, but for larger interests that the United States has in the region. And that's what we measure when we measure the rationale for a Presidential waiver.

Today, the United States, as we know, has huge and varied interests in the region—economic interests, strategic interests including our relationships with China, Cambodia, and Burma,[1] as some of us continue to call it.

And second, we have a huge interest in promoting freedom of immigration. And that's an area where the Government of Vietnam has made substantial progress in the last year or so.

Third, we have an obvious ongoing interest in promoting human rights and democratic freedoms around the world, including in Vietnam, where the composition of the population, over 60 percent of the population, is under 25 years of age. Their memories of the war and of the divisions between us are considerably different than those of the vast majority of the people of Vietnam in the past. And they are moving down an economic road of increased openness, increased engagement with the world. To move in a direction that would send a signal from the United States that we want to disengage or freeze our bilateral relations at this point would be contrary to our interests in Vietnam and our strategic interests in the region.

Vietnam is obviously an integral part of Southeast Asia. The ASEAN meeting, this fall, will be held in Hanoi. Vietnam has joined the community, and that community wants Vietnam to be a participant.

In light of the financial crisis that is engulfing Asia and the turbulent events in Cambodia over the last year, it is in our enormous strategic interest to have an active presence in the region, an effective working relationship with the countries of the region; and that very much includes Vietnam with some 75 million people.

It was the Bush administration's overtures toward Hanoi in 1990 and 1991 which resulted in the so-called roadmap for United States-Vietnam relations, and that was born out of the need to try to help resolve the Cambodian conflict at the time, as well as to establish regional security and stability. I think we have overriding strategic and larger political interests in counterbalancing China's position, and particularly in recognizing that over the last few years, China has been very aggressively courting the countries of Southeast Asia including Cambodia; even those such as Vietnam which were historical enemies. If we want to make them all an enemy, the way to do it is to become insular and turn around and start being punitively self-destructive. We have critical issues still with Cambodia, with Hun Sen, with the effort of trying to have an election there. China has been the number one supplier of arms to the military junta in Rangoon; has continually worked to develop Burma as an outlet for Chinese goods, from land-locked Yunnan Province. And although Vietnam has been invaded by China many times, Beijing has made a concerted effort to improve relations

[1] Myanmar

with Hanoi. Any trip to the border along China and Vietnam will show you the increased engagement and commerce that is taking place there.

But last, and absolutely not least, it should be the responsibility of the U.S. Congress to continue to try to recognize the road we have traveled with respect to the POW–MIA issue and the accounting process. For years after the war, Mr. Chairman, we tried to isolate Vietnam. And at the same time, we tried to promote the primary interest of the United States, which was to account for our missing service people. And so we did that by denying Vietnam the benefits of trade and diplomatic relations. The record is irrefutably clear—God bless you—the record is absolutely clear that for the entire period of that isolation, Mr. Chairman, we didn't get answers. Our families were getting increasingly frustrated. And the fact is—and it is indisputable—that progress on the POW–MIA issue came only as we began to engage the Vietnamese and recognize that they needed and wanted a relationship with the United States. That recognition was implicit in the Bush administration's roadmap, which set out the step-by-step process for normalization of relations. In fact, the Clinton administration delayed the roadmap and delayed the process in order to further press the POW–MIA accounting process.

Today, we have the most significant accounting process any nation has ever put in place in the history of warfare. And that was put in place, Mr. Chairman, with a bipartisan effort, in the Senate particularly, where we had the Select Committee working on that.

In the last 5 years, American and Vietnamese personnel have conducted 30 joint field activities in Vietnam to recover and repatriate remains. Two hundred and thirty-three sets of remains have been repatriated and 97 remains have been identified. In addition to working jointly with the United States on remains recovery, the Government of Vietnam agreed in 1996 to an American request to undertake unilateral actions. Since that time, Vietnamese teams have provided reports on their unilateral investigations of 115 cases.

When I became Chairman of the Senate Select Committee on POW/MIA Affairs in 1991, 196 individuals were on the list of so-called "discrepancy," or "last known alive" cases. These are the most difficult cases, Mr. Chairman, in which members of the Armed Forces had survived their incident, and we knew them to have survived their incident. And we had evidence that they had survived it. But they remained unaccounted for because they didn't return alive, and their fate was uncertain. These are the most difficult and the most heartbreaking cases. As of today, I am proud to say that fate has been determined for all but 43 of the 196 on the list. In human terms that means that because we engaged, because we created a process, because we were able to visit sites, to work together cooperatively, that all but 43 families now know to a certainty what happened to their loved one. That is progress by any measure.

Now since the agreement was reached in December 1994 on joint United States-Vietnamese-Lao trilateral investigations in Laos, 22 Vietnamese witnesses have participated in operations in Laos; the government has identified another 32 to participate in future inves-

tigations. Those witnesses have proved crucial to our accounting efforts in Laos. For example, information provided by Vietnamese witnesses resulted in the recovery and repatriation of remains associated with two cases in 1996, one involving 8 Americans and another involving 4.

One of the critical questions at the core of the accounting process is what documents or information does Vietnam or its citizens have that could provide further answers. When we started this process in 1991, we didn't have anything that guaranteed us access to information. Now we have a full-time archive in Hanoi where Americans and Vietnamese work side-by-side to resolve remaining questions. Thousands of artifacts, documents, and photographs have been turned over by Vietnamese officials for review. In the last 5 years alone, 28,000 archival documents have been reviewed and photographed by joint research teams. We've conducted over 195 oral history interviews, in addition to those conducted during the joint field activities. In response to an American request, Vietnam in 1994 created unilateral document search teams, and since that time, they've provided documents, in 12 separate turn overs, totaling 300 documents of some 500 to 600 untranslated pages. To date, these teams have also conducted unilateral research in 19 provinces.

Now, Mr. Chairman, in my time as Chairman of the POW/MIA Committee and otherwise, I've made numerous trips—in the double digits—to Vietnam, often accompanied by my good friend, Senator John McCain and even then by our now Ambassador, then Congressman Pete Peterson—and I was delighted to have him with me as part of that critical effort. I'm convinced that we made progress on this issue, as I know Pete Peterson will tell you and John McCain will tell you, because we engaged. If they have documents that we don't have, if there are, indeed, secrets held, and there probably are, you're not going to get them if we shut off, and turn off, and turn away. The best hope we've ever had is to be able to engage people, to learn where things may be, and to work the process. And if anybody thinks that 20 years of isolation produced those answers, show them to me. The fact is that it's only the last years of engagement that we've been able to really begin to create a process that begins to resolve the dilemma.

The initial waiver of Jackson-Vanik exercised by the President just a few months ago was a modest but important step in the continued effort to normalize our relations. It's important—Mr. Chairman—it's important to note that the waiver does not extend most-favored-nation tariff status. That's further down the road. But it does, step-by-step, continue a very cautious, considered roadmap process of engagement where we buildup further the relationship.

Now those who oppose Jackson-Vanik argue we're moving too fast, that Vietnam's performance in immigration, human rights, and some even assert POW/MIA isn't satisfactory. I disagree, as I've said, and I think the record backs me up. The use of carrots or incentives creatively has been at the core of our policy with respect to Vietnam, and there's no question that even the decision to move on Jackson-Vanik created further progress on immigration itself this year. Since the waiver was issued, Vietnam has made significant and consistent progress in fulfilling its commitments

under the ROVR agreement, which provides for resettlement in the United States of eligible Vietnamese who had returned to Vietnam from refugee camps in the region.

As of June 8, Vietnam had cleared for interview 15,081, or 81 percent, of the 18,718 potential applicants. I would point out, Mr. Chairman, it's our own INS that has been slow and only interviewed 9,447 of the 15,000. And so far, 3,119 have arrived in the United States.

Vietnam is also cooperating with us to expedite processing of those applicants still in the pipeline and to provide an accounting of a list of 3,000 individuals which we handed over in January. The administration expects that a significant number of these people will be cleared for interview once we've given the Vietnamese additional information with which to find them.

Mr. Chairman, since the waiver was granted, Vietnam has also adopted more liberal procedures in the Orderly Departure Program, under which some 480,000 Vietnamese have emigrated as refugees or as immigrants to the United States over the last 10 to 15 years. At this point, there are only about 6,900 ODP applicants remaining to be processed, including Montagnards and former reeducation camp refugees. Vietnam's agreement early this month to allow U.S. officials to interview all Montagnard ODP cases, as well as the procedural changes adopted by Vietnam, will enable the United States to complete these interviews by the end of the year. That's progress, and we shouldn't interrupt it.

Now I will say that human rights is, and must continue to be, at the forefront of our bilateral agenda. Treasury Secretary Rubin and Secretary of State Albright have raised human rights issues with the Vietnamese at the highest levels during their visits to Vietnam. The United States and Vietnam have established a regular bilateral human rights dialog, in which general issues as well as specific issues are raised. I have consistently raised human rights issues during each of my trips to Vietnam. I have turned over lists, and we have had prisoners released. These entreaties and the gradual improvement in our relations have had some positive results. Several jailed dissidents have been released and some degree of liberalization is taking place. No one can go to Hanoi today and not recognize that exposure to and interaction with other countries is changing Vietnam at an extraordinary pace. Vietnamese enjoy more personal liberty than they ever have before. They own shops; have economic mobility; speak to foreigners, in most cases without any fear at all. They have more access to information and foreign media. And although the newspapers are state papers, they are increasingly outspoken about corruption and governmental inefficiency.

After last year's legislative elections, the number of nonparty members elected to the National Assembly doubled, from 8 percent to 15 percent. While this represents a minority of the Assembly's membership, it is a trend in the right direction. And the fact that the assembly itself is playing a stronger role on key issues that are both economic and political should not be ignored.

Now some would argue that the only way to change Vietnam's human rights record is to deny them the benefits of trade, to force OPIC and Ex–Im Bank to close their doors and freeze our relation-

ship right here and now. As one who has been engaged in this process for over 30 years and who has witnessed how this country has changed in such a short time period, I just simply believe that would be an enormous mistake. And I think the record of progress bears out that that approach is wrong. We need to maintain the ability to discuss all of the issues at the highest levels of government. Vietnamese leaders know full well the importance that we place on human rights and that progress on this issue is going to be a very important part of the context of our future relationship. I know this Subcommittee will be hearing testimony from some who argue that Vietnam hasn't even cooperated fully on the POW issue. But I think the facts and the testimony of all those who participate in that process would contradict that. During each of my trips, I've met with the American teams who worked on this issue with the Vietnamese. Every one of these teams, including the one now in place, has indicated to me that Vietnamese cooperation has been outstanding.

Second, to those who argue that Vietnam is withholding documents or even remains, I say if that is so, the only way you're going to find out is to continue the process and the policy we now have in place.

So, Mr. Chairman, I think that we need to continue down the road we're going. I think reversing the policy by disapproving the President's waiver would stand to probably slow down some of the cooperative efforts that we've made progress on and negate our own interests in the region. And I clearly hope this Subcommittee and the House will act in the strategic interests of the United States of America.

Thank you.

[The prepared statement follows:]

**Statement of Hon. John F. Kerry, a U.S. Senator from the State of Massachusetts**

Mr. Chairman, thank you for inviting me to testify this morning on the President's decision to renew the waiver of the Jackson-Vanik amendment for Vietnam. Let me say at the outset that I strongly support this decision, and I believe overturning it would have serious negative consequences for our bilateral relations with Vietnam and our larger interests in Southeast Asia.

Today, the United States has many important and varied interests in Vietnam and in the region. First, we have an overriding humanitarian interest in continuing the process of obtaining the fullest possible accounting of American servicemen missing from the war.

Second, we have an interest in promoting freedom of emigration—an area in which the government of Vietnam has made substantial process over the last year.

Third, we have an ongoing interest in promoting human rights and democratic freedoms around the world, including in Vietnam where the composition of the population—over 60 percent of Vietnam's population are under 25 years of age—and the process of economic development hold the promise of political liberalization over time.

Fourth, Vietnam is a potentially significant market for American services and goods, but that market can only be developed if Vietnam maintains the course of economic reform that it began in the late 1980s. When I was in Vietnam earlier this year, it was clear to me that there was concern within the leadership about the financial crisis in Asia and what implications that crisis had for Vietnam. I believe after talking with the Prime Minister and other senior Vietnamese officials that Vietnam will stay the course. However, if we force Eximbank and OPIC to close down—which is what supporters of the resolution of disapproval want—we run the risk of setting that process back. It is in the interest of American workers and businesses to continue to encourage this process of reform.

Vietnam is an integral part of Southeast Asia—a region where political stability has been sporadic at best. In light of the financial crisis that is engulfing Asia and the turbulent events in Cambodia over the last year, it is in our interest to have an active presence in the region and effective working relationships with the countries of the region, including Vietnam. In fact the Bush Administration's overtures toward Hanoi in 1990 and 1991, which resulted in the so-called "road map" for U.S.-Vietnamese relations, were born out of the need to end the conflict in Cambodia and establish a process to promote regional stability.

We also have overriding strategic and political interests in counter balancing China's position and growing influence in Southeast Asia. Over the last few years China has been aggressively courting the countries of Southeast Asia even those, such as Vietnam, which were historical enemies. China has mended fences with Cambodia's second prime minister, Hun Sen, and was quick to provide aid to Cambodia in the wake of the coup last July in which Hun Sen deposed his co-prime minister Prince Ranariddh. China has also been the number one supplier of arms to the military junta in Rangoon, and has continuously worked to develop Burma as an outlet for Chinese goods from land-locked Yunnan province. Although Vietnam has been invaded by China many times, Beijing has made a concerted effort to improve relations with Hanoi. A trip to the border provides a first hand picture of the budding trade relationship between China and Vietnam.

Last, but certainly not least, we have an interest, a responsibility, and a national need to heal the wounds of a nation and put the past behind us once and for all. The step by step process of normalizing our relations with Vietnam is a means of healing those wounds.

The real question is how we promote these interests most effectively? Those who oppose the Jackson-Vanik waiver want to turn the clock back to the policy that we had in place for some 20 years after the war—a policy of denial. But Mr. Chairman, as the history of the POW/MIA issue clearly demonstrates, that policy was a failure.

For years after the war, we tried to promote our primary interest in Vietnam—to resolve the cases of American servicemen still missing from the war—by denying Vietnam the benefits of trade and diplomatic relations. The policy produced few positive results. Progress on the POW/MIA issue came only when we began to engage the Vietnamese and to recognize that the Vietnamese needed and wanted a relationship with the United States. This recognition was implicit in the Bush Administration's roadmap which set out a step by step process for normalization of relations between the United States and Vietnam.

Today, we can cite enormous progress in the process of POW/MIA accounting as a result of the cooperation that we have received, and continue to receive, from the Vietnamese. In the last five years American and Vietnamese personnel have conducted 30 joint field activities in Vietnam to recover and repatriate remains. 233 sets of remains have been repatriated and 97 remains have been identified. In addition to working jointly with the United States on remains recovery, the government of Vietnam agreed in 1996 to an American request to undertake unilateral action. Since that time, Vietnamese teams have provided reports on their unilateral investigations of 115 cases.

When I became Chairman of the Senate Select Committee on POW/MIA Affairs in 1991, 196 individuals were on the list of "discrepancy" or "last known alive" cases. These were cases in which individuals survived their loss incidents but they remain unaccounted for because they did not return alive and their fate was uncertain. These are the most difficult and heartbreaking cases. As of today, fate has been determined for all but 43 of the 196 on this list. This means, Mr. Chairman, that their families and friends finally know what happened to them. That is progress by any measure.

Since agreement was reached in December 1994 on joint U.S.-Vietnamese-Lao trilateral investigations in Laos, 22 Vietnamese witnesses have participated in operations in Laos; the government has identified another 32 to participate in future investigations. These witnesses have proved crucial to our accounting efforts in Laos. For example, information provided by Vietnamese witnesses resulted in the recovery and repatriation of remains associated with two cases in 1996: one involving eight Americans and another involving four.

One of the critical questions at the core of the accounting process is what documents or information does Vietnam or its citizens possess that could provide answers. When we started this process several years ago, we had little access to information. That has changed dramatically. We have a full time archive in Hanoi where Americans and Vietnamese work side by side to resolve remaining questions. Thousands of artifacts, documents and photographs have been turned over by Vietnamese officials for review. In the last five years alone, 28,000 archival documents have been reviewed and photographed by joint research teams. We have conducted over

195 oral history interviews in addition to those conducted during the joint field activities. In response to an American request, Vietnam in 1994 created unilateral document search teams. Since that time they have provided documents in 12 separate turnovers totaling 300 documents of some 500–600 untranslated pages. To date these teams have also conducted unilateral research in 19 provinces.

During my tenure as Chairman of the POW/MIA Committee, I spent countless hours and made numerous trips to Vietnam, often accompanied by my good friend and committee colleague, Senator McCain, in an effort to develop and improve cooperation on the POW/MIA issue. I am convinced that we made progress on this issue because of engagement and cooperation, not isolation or containment. And I am equally convinced that the best way to promote our broad range of interests in Vietnam is to continue to engage the Vietnamese and to follow our present policy of step by step normalization of bilateral relations with Vietnam.

The initial waiver of the Jackson-Vanik amendment, exercised by the President just a few months ago in March, was a modest but important step in the continued normalization of our relations with Vietnam. Coming nearly three years after the United States and Vietnam normalized diplomatic relations, this waiver simply enabled the Export-Import Bank and OPIC to begin operations in Vietnam—a step that is for the benefit of American companies and by extension the American economy. It is important to note that this waiver does not extend most-favored-nation tariff treatment to Vietnam. That step is further down the road, and no doubt will come when the United States and Vietnam have completed negotiations on a bilateral trade agreement.

Those who oppose the Jackson-Vanik waiver argue that we are moving too fast, that Vietnam's performance in the areas of emigration, human rights, and some would even say POW/MIA is unsatisfactory, that our policy of engagement has yielded few tangible results. I disagree and I think the record backs me up.

The use of carrots or incentives creatively has been at the core of our policy toward Vietnam since the President, with the overwhelming express support of the Senate, lifted the unilateral U.S. trade embargo in 1994. There is no question that the President's decision to waive the Jackson-Vanik amendment in March of this year led to significant progress on emigration—the one and sole issue on which the extension of MFN, US governmental credits and credit insurance is dependent under the provisions of the amendment.

Since the waiver was issued, Vietnam has made significant and consistent progress in fulfilling its commitments under the ROVR agreement which provides for resettlement in the United States of eligible Vietnamese who had returned to Vietnam from refugee camps in the region. As of June 8, Vietnam had cleared for interview 15,081, or 81 percent of the 18,718 potential applicants. I would point out, Mr. Chairman, that INS has interviewed only 9447 of those cleared by the Vietnamese to date. So far, 3119 have arrived in the United States. Vietnam is also cooperating with the us to expedite processing of those applicants still in the pipeline and provide an accounting of a list of 3000 individuals which we handed over in January. The Administration expects that a significant number of these people will be cleared for interview once we have given Vietnamese officials additional information with which to find them. Not only did the waiver produce results but the very prospect of a waiver led Vietnamese officials to modify processing procedures for the program last October.

Since the waiver was granted, Vietnam has also adopted more liberal procedures for those in the Orderly Departure Program (ODP) under which some 480,000 Vietnamese have emigrated as refugees or immigrants to the U.S. over the last 10 to 15 years. At this point there are only about 6900 ODP applicants remaining to be processed, including Montagnards and former reeducation camp refugees. Vietnam's agreement early this month to allow U.S. officials to interview all Montagnard ODP cases as well as the procedural changes adopted by Vietnam will enable the United States to complete these interviews by the end of the year.

Clearly Vietnam has made substantial and measurable progress in the area of emigration, but what about human rights. To be candid, Mr. Chairman, the record is not as impressive. Vietnam continues to be a one-party state that tolerates no organized political opposition. Many basic freedoms, such as freedom of the press or speech, are denied or curtailed, and according to Amnesty International, Vietnam has at least 54 political prisoners.

Human rights is and must continue to be on our bilateral agenda with Vietnam. Treasury Secretary Rubin and Secretary of State Albright have raised human rights issues with Vietnamese officials at the highest levels during their visits to Vietnam. The United States and Vietnam have established a regular, bilateral human rights dialogue in which general issues as well as specific cases are raised. I consistently raise human rights issues during my trips to Vietnam. These entreaties and the

gradual improvement in our relations has had some positive results. Several jailed dissidents have been released, and some degree of liberalization has taken place.

No one can go to Hanoi and not recognize that exposure to and interaction with other countries is changing Vietnam. Vietnamese enjoy more personal liberty than they ever had before; they own shops, have economic mobility, and speak to foreigners in most cases without fear. They have more access to information and foreign media and although the newspapers are "state papers," they are increasingly outspoken about corruption and governmental inefficiency. After last year's legislative elections, the number of nonparty members elected to the National Assembly doubled from 8 percent to 15 percent. While this represents a minority of the Assembly's membership, it clearly is a trend in the right direction, as is the fact that the Assembly itself is playing a stronger role on key issues, both economic and political.

Some argue that the only way to change Vietnam's human rights record is to deny them the benefits of trade, force OPIC and EXIMBANK to close their doors, and freeze our relationship here and now. As one who has made more than a dozen trips to Vietnam over the last eight years and who has witnessed how this country has changed in such a short time period, I honestly believe that they are wrong. If we want to promote human rights and political change in Vietnam, we need to expand our contacts, not contract them through all the tools at our disposal—trade, aid, exchange programs, participation in ASEAN and other regional and international institutions. And we need to maintain the ability to discuss this issue at the highest levels of government. Vietnamese leaders know full well the importance that we place on human rights and that progress on this issue will be part of the context in which our relations develop.

I know this committee will be hearing testimony later this morning from some who argue that Vietnam has not cooperated fully on the POW/MIA issue. As is obvious from my earlier remarks, I disagree, but let me make two additional points. First, during each of my trips to Vietnam I have met with the American teams—teams composed of our military personnel—who work on this issue daily with the Vietnamese. Every one of these teams, including the one now in place, has indicated to me that Vietnamese cooperation has been outstanding. Second, to those who argue that Vietnam is withholding documents or even remains, I say if that is so, the only way you are going to find out is to continue the process and the policy we now have in place.

Mr. Chairman, I believe the record over the last few years clearly proves that our step by step approach to normalizing relations with Vietnam is working and is consonant with the many interests we have in that country and the region. Reversing that policy by disapproving the President's waiver of the Jackson-Vanik amendment will reduce our influence and threaten future progress on POW/MIA, emigration, human rights, economic reform and trade, and other interests I have not discussed, such as stemming the flow of illegal drugs. In short, it would do irreparable harm to our relationship and our interests not only in Vietnam but also in the region.

The decision to treat Vietnam as a country, rather than a war, was made when we normalized diplomatic relations in 1995. We cannot and should not turn the clock back now. The President made the right decision when he decided to waive the Jackson-Vanik amendment and to renew it this month. Congress should let that decision stand.

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Chairman CRANE. Thank you, Senator.

Dana, you're up next. Wait just a moment, Dana, if you'll yield. Do you have to run right now, Senator?

Senator KERRY. I technically do. I'll try to stay for——

Chairman CRANE. Well, then, let me see if anyone has a major question they'd like to direct to you before you split. I had just one. And that is on Jackson-Vanik and freedom of emigration: What is the incentive to jail, for religious reasons or political reasons, any Vietnamese citizen if you can kick them out of the country?

Senator KERRY. Well, they are not as good as we want them to be at this point in the normal immigration process, which is something we're working on right now. I think Ambassador Peterson will address that, but I know that they have made increased improvements to that. If you can get a visa, if you can get a passport,

you can leave. And, as I said, under the ROVR Program, some 15,000 plus have left and come over here. So we've had a remarkable rate of immigration.

But, you know, this is still unfortunately a one-party government. It's a totalitarian government. I don't like that. I've spoken out against that. I will continue to speak out against that. I look forward to the day hopefully when Vietnam will be a democracy. But they are moving in the right direction in terms of each of these issues. And the question is, how do you engage any of these countries in a constructive way, in a world where our allies are so reluctant to join us in some of the sanctions we put in place or other efforts? We tend to be shooting ourselves in the foot around the world right now, Mr. Chairman, with a set of sanctions, country-for-country, that no one joins in with us. It may make us feel good, but the truth is we're actually losing influence in the process in many of these places.

And, you know, business certainly is not at the forefront; never should be at the forefront of any of these choices. We're talking about value systems. But we also, even as we don't gain on the value system side, do wind up losing on the business side, too. And most people who've been engaged in these countries for long periods of time would say that through engagement there are huge gains to be made.

I visited the Ford plant in Vietnam. And there are other plants there. While some complain about the conditions, I mean, this was a plant as clean as any plant I've ever seen in Detroit or anywhere. It's modern. And the workers there are earning two and three times the salaries of the rest of the people in the country. And they're wearing blue jeans and western clothes and listening to our music. And even that, a lot of people in their country object to.

But there's an opening up that automatically comes through engagement that you simply can't achieve through some of these older fashion tools that worked in a bipolar, east-west divided world, which is not where we are today in the world of the Internet, in the world of wireless communications, and the world of instant flow of information. They have fax machines, too. They know what we're doing on a daily basis, just as we do. And the reality is that it is engagement that will bring about change and the marketing of democracy. That's what changed the Eastern European bloc countries.

Why do we apply to Vietnam a standard of change that is totally different from the successful standard of change we utilized in so many other parts of the world? The wave of democracy is winning. We should be excited about the lesson we learned from the experience we've had of the last 20 years. And we should be engaging even more so, I think because of the lessons learned. And Ronald Reagan and others, with their great public diplomacy efforts, said tear this wall down. And the efforts of public diplomacy were exactly the opposite direction of what, you know, disapproving the waiver of Jackson-Vanik would do vis-a-vis Vietnam.

So I think we need to learn from the positive experience we've had. And in the end, I think we'll make further progress with Vietnam on the issue of normal immigration.

Chairman CRANE. Thank you.

Mr. Matsui.

Mr. MATSUI. I thank the Chairman. Senator Kerry, I appreciate your observations and comments. I just want to ask you one question with respect to the POW–MIA issue. We have a full-time individual there going through the archives. If, in fact, we deny the waiver this time around, what is your thoughts on that? Would that person still remain there or what? And this is just a smaller part of the larger issue I think you just answered in terms of Mr. Crane's question.

Senator KERRY. I think, Congressman, that clearly if we begin to take back what we've given, if we begin to suggest that the judgment made by the administration and the capacity of the administration to engage is going to be micromanaged by the Congress in a way that is a slap, you know, at the process, without cause, we will give them reason to say, well, the Americans aren't really serious about this. We don't know who we're dealing with. And you put people at risk. I mean, they have their own tensions in their government. There are hardliners there. There are people who want to engage more there. There are people who think they should be more involved with China rather than the United States. If you want to give those people who would move in directions that are inimical to our larger strategic interest the upper hand, then treat them badly and treat them like somebody and make ourselves somebody who is suspect. I think if there weren't progress, then I wouldn't say waive it. I mean, I went over there specifically in January to measure whether or not there was sufficient progress, and we were moving. And I've been willing to call what I see pretty directly in Vietnam along the way. I've spoken out against the restraints on religious freedom, and that's improving. And there are increasing freedoms available for practicing religious freedom and so forth. I've been to mass in the cathedral there. I know this as a matter of fact. Our Ambassador was married in the cathedral there. There are changes happening. I think to embrace a policy that is already discredited could result in the archive shutting down and cooperation slowing down. It will be the families who will suffer for that and also the larger strategic interests of the United States of America.

Mr. MATSUI. Thank you.

Chairman CRANE. Mr. Neal.

Mr. NEAL. Thank you, Mr. Chairman.

John, your credentials over the three decades are impeccable as it relates to this issue. Let me ask you a question that kind of cuts to the quick. In your judgment, having been at this for the period of time that you have, is conceivable that there are POWs that could be still alive, knowing that this issue draws great emotion, and people are seeking closure in their lives?

Senator KERRY. Well, the Senate POW/MIA Committee in its report several years ago unanimously concluded—Republicans and Democrats alike—that there was no compelling evidence at that point in time that anybody was still alive certainly in Vietnam. We did conclude—we did conclude unanimously that it was our judgment that some people could have been left behind, or were left behind. So, people have to make a judgment about the level and credibility of the evidence today. But I will tell you, none of our

teams—I mean, our teams are made up of servicemen—think there is credible evidence today. Our teams are made up of people who wear the uniform today. And nobody better understands than they what it might it be like to be a person in uniform left behind. So they are not playing politics in this. They're not coming at it as a Republican or a Democrat, a liberal or a conservative. There's no ideology. They're going out there to find Americans if they're there. And there isn't one general, one admiral, not one person in uniform on those teams who has gone out to search the evidence that they're given through intelligence and other sources who has come back and said, I'm convinced so and so is there. They run down those reports, sometimes at risk of their life.

So I think we have to rest with their judgment that at this moment there's no credible evidence that anybody is being held. I'm not going to give some sweeping statement to write off some, you know, outlying possibility. But that's why we're engaged in the most comprehensive and expensive search for people, not just remains, but for people and answers that any country has ever mounted in the history of human warfare. And I think we ought to be very proud of that.

Mr. NEAL. How do you react to that suggestion every once and a while that appears in publications across the country that there's been a sighting of a potential American POW.

Senator KERRY. Well, I personally react with an element of skepticism, but nevertheless with the notion that let's check it out. What we did was put into place a quick response capacity to go immediately to the best of our ability to investigate the report. We are in someone else's country. We do have to rely on logistics. They've improved significantly. And I can tell you I personally swooped in on some prisons, unannounced—one or two by accident actually because they landed in the wrong place. And we went into the prison, unannounced, and managed to convince people that we should go through the entire place, and we went through the entire place and couldn't even find evidence that any American had ever been there, let alone was there today.

So, I mean, we're trying to do the most exhaustive process that's ever been engaged in, and I don't frankly know what more we could do in a cooperative kind of effort where we're dependent on another country and their people to be able to get the answers. People can express frustration, and I'm sympathetic with the frustration for people who've lived 25 and 30 years with no answers, and with a government, frankly, that wasn't forthcoming for a long period of time. So I'm very sympathetic to those people who come and say, they may be holding on to something. But for 20 years, they gave us nothing or very little even as we were tough. And those were the years when the evidence was most ripe. Now, later on, after all of this engagement to the degree there may be evidence, the best shot is going to be for someone to come up to some American who's in the country and say, hey, come on over, I want to show you something. But if you start shutting that down again and moving in the opposite direction, I think we lose a lot of interests that are large and that are very compelling for us.

Mr. NEAL. Thanks, John.

Chairman CRANE. Mr. Ramstad.

Mr. RAMSTAD. Thank you, Mr. Chairman. I'll be very brief. Senator, I was going to ask the question my good friend from Massachusetts just asked, but let me just say this: Your efforts and those of Senator McCain and my good friend, Pete Peterson, have been truly exemplary with respect to the POW–MIA issue. Certainly, the families of Minnesota's POWs and MIAs are very grateful for those efforts.

With respect to your testimony, I couldn't agree more that the best hope—the only hope—is engagement. Those, in good faith, who would build a wall around Vietnam, are very misguided. In continuing the Richie Neal tradition of cutting to the chase, let me just ask this: Were we to overturn the President's Jackson-Vanik waiver for Vietnam, wouldn't we totally lose leverage with respect to hastening economic and political reforms, as well as the POW–MIA issue and other concerns? Wouldn't the leverage just be gone?

Senator KERRY. I believe we would severely set back the progress we've made, and as I said a moment ago, give people cause to look for relationships elsewhere, to believe that we're maybe not interested in being a steady partner.

We don't give up much for this, you know, with the waiver of Jackson-Vanik, the involvement of Ex–Im and OPIC. I mean, that is exporting capitalism. Why, in God's name, would we want to choose to move in an opposite direction than the export of capitalism, which they're embracing? Here are countries that have been totalitarian that are embracing free market systems increasingly. I mean, there are people working on a law project in Vietnam, trying to put contract law in place, property law in place, intellectual property law, and so forth. To not recognize where the world is moving in that regard is to—I don't know—I guess it's really to be wishing for a world that isn't any more. But it's not a good place for us to go.

Mr. RAMSTAD. Thank you very much, Mr. Chairman.

Chairman CRANE. And thank you very much, Senator. Oh, wait, Jennifer, did you have a question?

Ms. DUNN. Thank you very much, Mr. Chairman. And, Senator, thank you for coming. And I'm a little late to the hearing, so I don't know if you covered this. But my interest is besides, then, Mr. Neal's question is also in the area of immigration. And I'm wondering what the status is, what the trends are, for immigration, and what obstacles exist to free immigration from Vietnam?

Senator KERRY. As I did mention a little bit earlier, I'm delighted to just quickly recap. I just want to get my figures absolutely correct here. Under the Orderly Departure Program, some 480,000 Vietnamese have emigrated as refugees to the United States—or as immigrants—either one—immigrants or refugees—over the last 10 to 15 years. There are only about 6,900 people in that program now as applicants remaining to be processed, and those include Montagnards and former reeducation camp refugees. This month, Vietnam agreed to allow us to interview all of the Montagnard ODP cases which had been a problem. So that's an improvement.

In addition to that, as of June, they've cleared for interview 15,081, or 81 percent of the potential applicants under the repatriation of returnees program. Those are the people who left the country and then came back, but who have cause to believe they want

to get out. And we are working with them—and the Ambassador will detail it—we are making significant improvements on people's access to visas, access to passports and ability to be able to leave the country.

So I think as we increasingly build the relationship that is going to increase. And many, many Vietnamese, you know, Vietnamese-Americans—are now going back on a regular basis, and having a great amount of family exchange and so forth in their former country. All of that has a profound impact, too. And obviously, if you start slapping down restraints on our side, they could slap down restraints on their side. And I think that's counterproductive.

Chairman CRANE. Again, we want to express appreciation for your giving your time and coming over here and testifying and giving us your insights.

Senator KERRY. Mr. Chairman, I'm delighted to thank you for the time. I think it's very important.

Chairman CRANE. Well, we appreciate it——

Senator KERRY. And I'll apologize to my colleagues.

Chairman CRANE. And, Dana, you're up next, and Chris you want to come up here and grab a seat? And proceed when ready.

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

Mr. ROHRABACHER. Yes, I would have preferred to have a back and forth with the Senator because I don't like to refute someone's arguments when they're not here.

Let me just say that those who believe that we brought down the Soviet empire, especially the Soviet Union with the use of trade have an interpretation of history that just boggles the mind. I mean the fact is that President Reagan never suggested giving most-favored-nation status to the Soviet Union, and it was, in fact, the economic barriers that he put up, as well as the military barriers to the Soviet Union that helped wither the confidence of those people who were still in the Kremlin and helped bring down that dictatorship. The idea that we, in some way, were opening trade with them; and that caused that society to liberalize is just a pure rewrite of history.

Number two, these archives that the Senator talks about this is nothing more than—I was there with the Senator when they opened the archives in North Vietnam several years ago. This is nothing more than a building in which they give papers that they want us to read. This is not their archives. This is not open access to their papers.

The Senator knows very well that we've been requesting some significant documents for the last 20 years, and the Vietnamese have not been forthcoming.

For example, even when I was there, and this is a repeated request, they have not given us the records from the prisons in which our own prisoners were kept. Where's Pete Peterson? Pete was kept in a prison, and—you were an MIA for the first couple years, as prisoner were you not. All right. He was kept as an MIA and isolated from other American prisoners for several years. The records from his prison have not been given to us to find if there were any other Americans who were kept in that prison or other prisons sep-

arate from the other prisoners. Now it would be very easy for the Vietnamese to give us those records. Now why haven't they done it? OK, they want to have an open relationship—give us those records. And when I personally asked them on our visit to Vietnam, they said American bombs had destroyed all the records from all their prisons. You know, give me a break. And I said, and I remember it when Pete was right there. I said that's like saying the dog ate the homework. And then they said, well, we can't translate that. Well. [Laughter.]

I will translate it now. It is beyond believability that all the records for those prisons were destroyed by American bombs after the war or near the end of the war. Let's see those records. This has not been a high level of cooperation, and we have other things that still need to be addressed. And I think that we should not give Vietnam economic favors, even if none of that existed, and we had not been at war with the Communist dictatorship that still controls Vietnam. Let us not forget that there has been no liberalization of the dictatorship in Vietnam. It is still as if the old Communist regime existed in the Soviet Union. Now I am very much in favor of engaging the new regime in Russia where they're trying to be democratic. This is not what's going on in Vietnam. There has been no liberalization of that government. No attempt at free elections. No attempt at free speech, at all. Period. Zero. I am, and that's why and so even if we hadn't had this war with them and had our POW issue, we still should be very hesitant to give them to our capital. We are not talking about exporting capitalism to Vietnam. We are talking about exporting capital to Vietnam, and whether the American taxpayer should be subsidizing people who want to invest. So that Ford plant that Senator Kerry was talking about—hoop dee doo. So the workers there get paid twice or three times as much as the rest of the workers in Vietnam—hoop dee doo. How much is that? Fifty cents an hour? Give me a break. We're going to give a businessman who wants to invest in a Communist dictatorship a loan guaranteed by the American taxpayer. And that's what this issue is about. It's not about free trade. It's about subsidy by the taxpayer of people who want to take manufacturing units and put it in Communist dictatorships.

I say and if we're going to have any type of incentive and subsidies for American businessmen to set up manufacturing units, let's do it in countries where they are struggling to create democracy, like the Philippines, for example. They are struggling to have a democracy there. They need the jobs, and what are we doing? We're giving businesses an incentive to go to the Communist dictatorship. We're giving them—our businesses the incentive to invest in a country that's had absolutely no reform. And that's the reason why we have this joint resolution, it's cosponsored by Ben Gilman, chairman of the International Relations Committee, and Chris Smith, who is with us today, as well as Senator Bob Smith. And it would disapprove the President's waiver authority contained in section 402 of the Trade Act of 1974, in respect to Vietnam. I say that extending American tax dollars to subsidize or insure business with the Communist Vietnam is not only a betrayal of American values, but it's bad business. And with your permission, I'll put my entire statement in the record.

Chairman CRANE. Without objection, so ordered.

Mr. ROHRABACHER. The statement goes through time and again, where because it's a dictatorship, businessmen who go over there are getting screwed. There, people are being asked for bribes. They don't come through with bribes. They end up having to lose their entire investment. There are businesses pulling out of Vietnam, and a great number right now. Is this a time when we want to put the good housekeeping seal of approval on this administration, encourage more businessmen to go over there? Of course, many of the businessmen who are going there they don't care if they lose their shirt because they're guaranteed by good 'ole U.S. taxpayers. And that's what this debate is about. Again, it is not about free trade. It's not about engagement. We can engage these people without giving them subsidy. We engage—Ronald Reagan engaged the bosses of the Soviet Union. He didn't extend the most-favored-nation status and say any American businessman that wants to trade over there is going to be able to get a guaranteed loan from the Export-Import Bank. It's time that we use our common sense. I believe in free trade. My motto is free trade between free people. Let's side with the democracies of the world—these struggling democracies like the Philippines. Let's work with these people now in Indonesia who want to have a democracy. And let's make sure that when you have people who are struggling and they've made these changes, let's give them that little bit of help with the Export-Import Bank and others. Let's not extend this to vicious dictatorships, it makes no sense business wise; and it makes no sense in terms of the basic values of our country.

Thank you very much.

[The prepared statement follows:]

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

Mr. Chairman:

I have a Joint Resolution, co-sponsored by Ben Gilman, Chairman of the International Relations Committee and Chris Smith, Chairman of the Human Rights and International Organizations Subcommittee, as well as Senator Bob Smith, that would disapprove the extension of the President's waiver authority contained in section 402(C) of the Trade Act of 1974 with respect to Vietnam.

Extending American tax dollars to subsidize or insure business with the communist Vietnam is not only a betrayal of American values but bad business. The communist regime in Hanoi has now had six months since President Clinton first granted a waiver to permit the Ex-Im Bank and OPIC to operate in Vietnam to demonstrate a willingness to change their repressive and corrupt system. Unfortunately, human and religious rights continue to be abused, there are no free and fair elections—in just last week the regime announced it would create a "Patriotic Catholic Church" similar to communist China, and that Marxism-Leninism is being reintroduced as mandatory study in public schools.

I knew that business conditions in Vietnam are so bad that many international companies are pulling out because of the lack of a credible legal system and the high levels of corruption on all levels of government. But I was shocked to learn that the IMF has ended lending to Vietnam because of the high rate of bad loans in the banking sector, the lack of honest reporting of Vietnam's financial data and "inadequate risk appraisal" that make all investments in Vietnam high risk to both lenders and investors.

Yesterday, I received a preliminary briefing by the GAO team that is working on a study on the Vietnamese economy that I have requested. I learned that Both IMF and the World Bank are greatly dissatisfied with the lack of access to the financial data of the bankrupt Vietnamese banking and stat economic sectors. That trade data is a state secret, where journalists and public officials have been jailed under charges of treason for merely discussing trade issues. That rosy accounts of foreign

investment are overstated because only a small percentage of contracts are realized because of pervasive corruption and red tape. The IMF reports, "Bad loans are mounting throughout Vietnam's banking sector and import tariffs remain high.... Vietnam's banks have the politically driven duty to lend money to state-owned enterprises."

Even long-time apologists for Vietnam, such as Carlyle Thayer say that the cause of Vietnam's financial crisis is Hanoi's "own doing—corruption, red tape, high overheads, arbitrary decision-making and Byzantine licensing process are to blame."

The International Herald Tribune reports that two major economic agreements "have fallen through—protection of copyrights and commercial air links. Talks on overall trade agreements drag on.... Investors continue to be harassed by a communist leadership that has yet to concede that foreign business need to make money themselves to help Vietnam's economy grow. Business managers say "If 10 percent of foreign invested companies in this country are making a profit, I'd be surprised." Opaque regulations and officials seeking bribes make Vietnam a hard sell."

Mr. Chairman, this is not the type of environment that we should support. Instead, we should hold back further economic ties as an incentive for the government of Vietnam to reform economically and politically.

My resolution has the support of the American Legion, Vietnam Veterans of America and the National Veterans Coalition and the National Alliance of POW/MIA Families because of their concerns that Hanoi is not doing enough to account for our MIAs. Yesterday, high level officials from the Department of Defense testified before the International Relations Committee that Hanoi can do more to provide a full accounting.

Numerous Vietnamese-American organizations support this bill Bacchus the Vietnamese government continues to abuse human rights on a routine scale, with hundreds of democracy activists and religious believers still in detention, and because emigration—especially of former U.S. allies such as reeducation camp survivors and montagnard veterans and their families—are being denied by the communist regime.

If precious American tax dollars are to be used as collateral to promote business in the region, let it be in democratic countries such as the Philippines, Korea or Thailand that are struggling to overcome the regional financial crisis. It is far more prudent to withhold further economic benefits to the communist government of Vietnam until there is real progress in reforming their corrupt system and real steps toward democracy are achieved.

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Chairman CRANE. Before you start, Chris, I know you have a tight time constraint, too. But is there anyone that would like to ask Dana a question before he departs?

Mr. ROHRABACHER. Thank you very much.

Chairman CRANE. No questions. Thank you, Dana, for your presentation.

And Chris, you're our next witness.

## STATEMENT OF HON. CHRISTOPHER H. SMITH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Mr. SMITH OF NEW JERSEY. Thank you, Mr. Chairman. I appreciate it, Mr. Matsui, Members of the Committee.

When President Clinton announced in 1995 his intention to normalize the U.S. relationship with the Communist Government of Vietnam, some of us argued that we should not take this important step until the government agreed to be less brutal to its own people. The administration responded that we had not yet given up our most important leverage, the wide range of economic concessions that go with the waiver of the Jackson-Vanik amendment, including MFN status. The prospect of these concessions we were assured would be an important incentive for Hanoi to release its grip on political and religious prisoners, as well as on re-education camp

survivors and other Vietnamese who had suffered because of their wartime associations with the United States.

Three years later, the prisoners of conscience are still imprisoned, and thousands of our former comrades in arms are still trapped in Vietnam. Yet, in March, the President waived Jackson-Vanik anyway. The most important immediate consequence of the waiver was that the U.S. taxpayers began paying for subsidies to U.S. trade and investment in Vietnam, through the Ex–Im Bank and the OPIC, the Overseas Private Investment Corp. Ex–Im Bank and OPIC were probably even more important than MFN, because the over-regulation and widespread corruption that characterize the Vietnamese economy make it a relatively bad place to do business. Ex–Im Bank and OPIC subsidies have the effect of turning unprofitable deals into profitable ones. U.S. taxpayers now compensate businesses for the greed and inefficiency of their partners in Hanoi. This is likely to bring hundreds, or even thousands, of new United States entrants into the Vietnam market, which will greatly increase the political difficulty of ever again linking economic concessions to progress toward human rights. This is because most of these taxpayer-subsidized businesses will soon become energetic lobbyists against any attempt to turn off the spigot. So the time is now to take a hard look as to whether or not a Jackson-Vanik waiver is working to promote freedom of immigration and other human rights in Vietnam. And this is the time to do it.

The only significant human rights concessions the Vietnamese Government made in order to get the waiver was to finally begin letting us interview thousands of former asylum seekers who had been returned to Vietnam and who are eligible for the U.S. refugee program called ROVR. As a matter of fact, Members will recall I tried to stop their return in the first place. As the CPA was winding down, many of us argued that these people were true refugees and should have never been put on planes and put back into Vietnam.

The ROVR Program is for people who managed to escape Vietnam, but were sent back, although they were refugees under United States law. Predictably, the Vietnamese authorities denied us access to the vast majority of these people. As of December 1, 1997, over 1½ years after they promised to view the returnees, they had cleared for interviews only 1,100 out of an estimated 18,000 to 20,000 who are eligible. But in the 2 months before the waiver was announced, when we really held their feet to the fire—and I want to commend our distinguished Ambassador—I have the highest respect for Ambassador Peterson—they cleared another 13,000. Unfortunately, as soon as the waiver was granted, the clearances slowed right back to a trickle. It has been over 3 months now since the waiver, and only 1,400 additional persons have been cleared for interview, about 400 per month, as opposed to 4,000 in each of the months preceding the waiver.

The lesson is clear: The Vietnamese Government has no trouble clearing refugees for interviews when they really want to. And once they get what they want from us, they have no interest in allowing people to leave. So even if the returnees were the only Vietnamese whose rights we cared about, we should reverse the Jackson-Vanik

waiver until the government allows the ROVR-eligible refugees to leave.

You might recall, Mr. Chairman, that during the years of the Jackson-Vanik situation with the former Soviet Union. Every year some of the refuseniks would be allowed out, but it was only at that opportune time to try to impress Congress, and to try to impress the White House, then they went right back to their old business as usual. Dante Fascell and others always used to comment on how you could almost predict it, take it to the bank—some would be allowed out, but then the repression would be ratcheted right up afterward.

Let me say, we do care about other people, Mr. Chairman. Aside from ROVR, the other major refugee program is the orderly departure program for re-education camp survivors, former U.S. Government employees, and others who never left Vietnam. Thousands of these people have been unable—unable to get exit permits from their local security police. In some cases, it's because their political views and associations made them particularly unpopular with the government. Others have been unable to pay the exorbitant bribes frequently demanded for exit permits. Some of the most deserving refugees, such as members of the Montagnard ethnic minority, who fought valiantly for the United States, have suffered greatly ever since—suffering from both of these disadvantages. And until they get exit permits, U.S. refugee personnel have been unable to even interview them for possible resettlement in the United States.

Mr. Chairman, just yesterday, the State Department informed my staff that the Vietnamese Government had finally granted us the right to interview ODP applicants without their having first to get exit permits. At first, I thought this was an important concession, probably timed to coincide with your hearing in the upcoming congressional vote on renewing Jackson-Vanik waiver. Unfortunately, I've since learned that the United States is still forbidden to interview any ODP applicant until he or she gets a "letter of introduction" from the Vietnamese Government. It appears that the same officials who have been denying exit permits will now be in a position to keep people from getting letters of introduction. For instance, despite the change in procedure only four Montagnard applicants out of over 800 we believe to be eligible for U.S. refugee programs have been cleared for interview.

Finally, we must not forget, Mr. Chairman, the Vietnamese prisoners of conscience imprisoned for their political or religious beliefs. Hanoi insists that it has no political or religious prisoners—only ordinary lawbreakers. We've heard that before. When visiting, American delegations point out that these lawbreakers include Catholic priests, Buddhist monks, prodemocracy activists, scholars and poets who are imprisoned for such crimes as activities to overthrow the government and "using freedom and democracy to injure the national unity." They need to be persuaded that a system like this is not one with which Americans are comfortable doing business.

Mr. Chairman, the list of human rights violations goes on and on. Vietnam enforces a two-child per couple policy by depriving the parents of "unauthorized children," of employment and government benefits. It denies workers the right to organize independent trade unions and has subjected many to forced labor. The government

not only denies freedom of the press, but also systematically jams Radio Free Asia which strives to bring them the kind of broadcasting they would provide for themselves if their government would allow freedom of expression. The congressional decision on the Jackson-Vanik waiver will set the tone for our future relationship with Vietnam. The Vietnamese Government and others like it must come to understand that when they do good things, good things will flow to them from the United States. When they do bad things to their people, benefits will no longer flow. We may not be able to insist on perfection, but we must insist on progress. I thank you, Mr. Chairman, for this honor of testifying and I will happily answer any questions.

[The prepared statement follows:]

**Statement of Hon. Christopher H. Smith, a Representative in Congress from the State of New Jersey**

When President Clinton announced in 1995 his intention to "normalize" the U.S. relationship with the Communist government of Viet Nam, some of us argued that we should not take this important step until that government agreed to be less brutal to its own people. The Administration responded that we had not yet given up our most important leverage—-the wide range of economic concessions that go with a waiver of the Jackson-Vanik Amendment, including eventual Most Favored Nation status (MFN). The prospect of these concessions, we were assured, would be an important incentive for Hanoi to release its grip on political and religious prisoners, as well as on re-education camp survivors and other Vietnamese who had suffered because of their wartime associations with the United States.

Three years later, the prisoners of conscience are still imprisoned and thousands of our former comrades-in-arms are still trapped in Viet Nam—-yet in March the President waived Jackson-Vanik anyway.

The most important immediate consequence of the waiver was that U.S. taxpayers began paying for subsidies to U.S. trade and investment in Viet Nam through the Export-Import Bank ("Eximbank") and the Overseas Private Investment Corporation (OPIC). Eximbank and OPIC are probably even more important than MFN, because the overregulation and widespread corruption that characterize the Vietnamese economy make it a relatively bad place to do business. Eximbank and OPIC subsidies have the effect of turning unprofitable deals into profitable ones. U.S. taxpayers now compensate businesses for the greed and inefficiency of their partners in Hanoi. This is likely to bring hundreds or even thousands of new U.S. entrants into the Viet Nam market, which will greatly increase the political difficulty of ever again linking economic concessions to progress toward human rights. This is because most of these taxpayer-subsidized businesses will soon become energetic lobbyists against any attempt to turn off the spigot. So the time to take a hard look at whether the Jackson-Vanik waiver is working to promote freedom of emigration and other human rights in Viet Nam is right now.

The only significant human rights concession the Vietnamese government made in order to get the waiver was to finally begin letting us interview thousands of former asylum seekers who had been returned to Viet Nam and who were eligible for the U.S. refugee program called "ROVR" (Resettlement Opportunities for Vietnamese Refugees). This program is for people who managed to escape Viet Nam but were sent back—-although many were refugees under U.S. law—-with a promise that the U.S. would interview them in Viet Nam and quickly resettle those who were entitled to our protection. Predictably, the Vietnamese authorities then denied us access to the vast majority of these people. As of December 1, 1997, over a year and a half after they promised to let us interview the returnees, they had cleared for interviews only 1100 out of an estimated 18,000 to 20,000 who were eligible. But in the three months before the waiver was announced—when we really held their feet to the fire—they cleared another 13,000. Unfortunately, as soon as the waiver was granted the clearances slowed back to a trickle. It has been over three months now since the waiver, and only 1400 additional persons have been cleared for interview—about 400 per month, as opposed to over 4000 in each of the three months before the waiver was granted.

The lesson is clear: the Vietnamese government has no trouble clearing refugees for interview when it really wants to. But once they get what they want from us, they have no interest in allowing people to leave. So, even if the returnees were the

only Vietnamese whose rights we cared about, we should reverse the Jackson-Vanik waiver until after the government allows all the ROVR-eligible refugees to leave.

But we do care about other people too. Aside from ROVR, the other major refugee program is the Orderly Departure Program (ODP), for re-education camp survivors, former U.S. government employees, and others who never left Viet Nam. Thousands of these people have been unable to get exit permits from their local security police. In some cases it is because their political views and associations made them particularly unpopular with the government. Others have been unable to pay the exorbitant bribes frequently demanded for exit permits. Some of the most deserving refugees—-such as members of the Montagnard ethnic minority who fought valiantly for the U.S. and have suffered greatly ever since—-suffer from both these disadvantages. And until they get exit permits, U.S. refugee personnel have been unable even to interview them for possible resettlement in the United States.

Mr. Chairman, just yesterday the State Department informed my staff that the Vietnamese government has finally granted us the right to interview ODP applicants without their having to get exit permits first. At first I thought this was an important concession—-probably timed to coincide with this hearing and the upcoming Congressional vote on renewing the Jackson-Vanik waiver. Unfortunately, I have since learned that the U.S. is still forbidden to interview any ODP applicant until he or she gets a "letter of introduction" from the Vietnamese government. And it appears that the same officials who had been denying exit permits will now be in a position to keep people from getting "letters of introduction." For instance, despite the change in procedure, only 4 Montagnard applicants—-out of over 800 we believe to be eligible for U.S. refugee programs—-have been cleared for interview.

Finally, we must not forget the Vietnamese prisoners of conscience, imprisoned for their political or religious beliefs. Hanoi insists that it has no political and religious prisoners—-only ordinary lawbreakers. When visiting American delegations point out that these lawbreakers include Catholic priests, Buddhist monks, pro-democracy activists, scholars, and poets who are imprisoned for such crimes as "activities to overthrow the government" and "using freedom and democracy to injure the national unity," Vietnamese officials cheerfully remind them that "we have a different system." They need to be persuaded that a system like this is not one with which Americans are comfortable doing business.

Mr. Chairman, the list of human rights violations goes on and on. Viet Nam enforces a "two-child per couple" policy by depriving the parents of "unauthorized" children of employment and other government benefits. It denies workers the right to organize independent trade unions, and has subjected many to forced labor. The government not only denies freedom of the press, but also systematically jams Radio Free Asia, which tries to bring them the kind of broadcasting they would provide for themselves if their government would allow freedom of expression.

The Congressional decision on renewal of the Jackson-Vanik waiver will set the tone for our future relationship with Viet Nam. The Vietnamese government and others like it must come to understand that when they do good things, good things will flow to them from the United States—and that when they do bad things, these benefits will no longer flow. We may not be able to insist on perfection, but we must insist on progress.

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Chairman CRANE. Thank you, Chris.

Mr. Matsui.

Mr. MATSUI. I have no questions. Thank you, Chris.

Chairman CRANE.

Mr. Camp.

Mr. Ramstad.

Mr. Neal.

Ms. Dunn.

Well, we thank you for your testimony, Chris, and appreciate it. We look forward to working with you on an ongoing way, even though there are times we have our disagreements. But we share the concerns that you've expressed here today. Thank you.

Our next witness before the Committee is our distinguished Ambassador Pete Peterson, who is a former colleague.

**STATEMENT OF HON. DOUGLAS "PETE" PETERSON, U.S. AMBASSADOR TO VIETNAM; ACCOMPANIED BY CHUCK KARTMAN, DEPUTY ASSISTANT SECRETARY OF STATE, U.S. DEPARTMENT OF STATE**

Chairman CRANE. Pete, you spent what, 6 years in the Hanoi Hilton?

Ambassador PETERSON. Six and one-half.

Chairman CRANE. So Pete has a special perspective, but it's truly remarkable thing that you are serving in the capacity you are today. We are indebted to you for all of the sacrifices you made to guarantee that you were able to come back here. He was here just a couple of weeks ago. Then you traveled all over the world and you managed to get back here in time for our hearing. We thank you for that.

Ambassador PETERSON. I know what's important, Mr. Chairman. Obviously, this is a very important issue with me.

It's a great honor for me to be in front of my former colleagues and all the friends that I have worked with in the past—several classmates, actually, I see here—Dave, Tim. I'm happy to have Chuck Kartman with me, as well, from the State Department, Deputy Assistant Secretary of State for EAP, who as you know is a Korean expert. But he's got us a lot of other work as well and I'm very proud to have him with me.

This issue that you're looking at today, the renewal of Jackson-Vanik, is critically important to the United States. It would signal, not only to the Vietnamese, but I think to the rest of the world that we are not closing the gates. That we are, in fact, going to continue to reach out to the rest of the world and export our capitalism—as the Senator so well put it a moment ago. I might add that I know I'm back to this 5-minute rule which I got away from——

Chairman CRANE. Well, except for distinguished witnesses such as yourself, you can have latitude.

Ambassador PETERSON. But I went back to Vietnam, not because I had to. I went because I wanted to. I saw the Vietnamese at their very worst and they saw me at my very worst, as well. It's a rare opportunity for someone to go back to a country like this in which there was so much pain to focus then on the future, not the past, and to close the gates of the past because you can't change that. I can't do anything about what happened yesterday, but I can help move forward positively and constructively on what happens tomorrow.

That's why I'm in Vietnam. Because Vietnam is a very large country—12th most populated country in the world. It has a very, very intellectual population and as the Senator said the most significant aspect of that population—he said over 60 percent is under age 25. Do you see the potential that lies there? This is a nation in major transition. It's being transitioned politically, economically and generationally.

We, as a Nation, have the opportunity to influence that transition in everyone of those aspects. My staff and myself work diligently in promoting American interest in that transition process in Vietnam everyday. As a result of that, we've created an incredible amount of goodwill—goodwill that has taken us now to helping the Vietnamese understand what a free market is. They essentially

woke up one morning and said this is what we have to do. We have to transition from a centrally planned economy to a free-market economy if we're going to be successful in the rest of the world. They're starting to move into that. They don't know how to do it. They're asking for help. They want American help because they look to us—strangely enough—as the leader in this effort and let bygones be bygones.

This war is no longer being fought in Vietnam, I might tell you. This is the past and they're building on the future. Why? In 4,000 years of history in Vietnam, they've never had peace and prosperity. Never. This is the first time in their history that they can look out over into the future. They see the potential of not only prosperity but peace for perhaps generations. We can help do that because our engagement in Vietnam not only brings with it the opportunities of expanding our national interest and meeting our foreign interest goals, and increasing the opportunities for business, but it brings that peace and stability potential in a real sense—in a very, very sensitive and historically violent part of the world.

So our engagement here and the President's very, very wise choice to open diplomatic relations with Vietnam in 1995 and then subsequently the efforts to build on that incrementally over the several years here. Now in March to grant the Jackson-Vanik waiver—and now enlightenedly coming forward to the Congress and asking for congressional concurrence for a renewal of that Jackson-Vanik waiver is exactly the right thing to do. Because it moves this whole agenda forward. It allows America to do what it does best and that is to bring nations into the world community and at the same time help those nations to learn how to market their product and to develop their incredibly efficient human resources. Vietnam has all of those. Why would we take a walk on that? Why would we not do that? What is the alternative?

The alternative is essentially to isolate Vietnam. Now, I think Senator Kerry very well stated the case for not doing so. There's every reason to think that we're going to continue the progress in immigration, human rights, POW–MIA, and all of the other aspects of the relationship that we wish to build on by engagement. By continuing this incremental bilateral process that will take the Vietnamese into a new level each day. That new level will hopefully create an economic engine that will serve the purpose of bringing them, hopefully prosperity, but will also bring enlightenment to their people. To enlightenment of their people that ultimately will be reflected in the government.

In fact, though some speakers today have said that there has been no change in the Vietnamese Government, I would suggest there has been some change. The National Assembly has changed quite dramatically in the last couple of years. In fact, they have 61 members of the National Assembly that are not members of the Communist Party. There are three members of the National Assembly who were elected, who, as the papers put it, when they were elected said have no political support at all—which would say that they were totally independent. They are. One of them is a former ARVN major who is now serving in the National Assembly. So there is a change.

I see in our frontline position in Vietnam—I see changes in the power structure. I see the National Assembly assuming more of the policymaking process. It's not there yet. It's not what we want to see. It's not a democracy. There are not opposing parties, but there is a very, very wide spectrum of ideologies within the government and that is significant to the extent that it's pulling Vietnam to the right and left based on the issue.

For us to deny the renewal of Jackson-Vanik would be playing directly into the hands of those who wish for Vietnam to return to the old days of totalitarianism and the total disregard of the world community. It would be a huge reversal of the opportunities that we have in Vietnam.

Now whenever we talk about Vietnam and look to the possibility of enhancing our relationship there, we have to look at what we're doing on the MIA–POW issue. I can assure you that we're moving ahead on that in a very positive way. Senator Kerry cited the numbers and I won't re-address those, but I spend significant part of my time as an Ambassador working this issue. It is—and the Vietnamese know it is—our first priority in our relationship. As a result of that, they've done a number of things that I've specifically asked to be done in enhancing the overall search efforts. They have not essentially turned me down on any aspect of that. Now are we getting everything? Are we getting the equivalent of CIA records? No. I don't think that anybody expects that to happen right now. We're not going to send someone in to their very highest and sensitive documents. But if we can ask for a specific classified document, they have assured us that they will send someone in and try to get that document's content and bring that back to us. We've been doing that for several years.

So with the President's certification earlier this year on the levels of cooperation on the MIA issue, I can assure you that it's an accurate appraisal of what's actually happening. They are cooperating with us on this issue in a very, very constructive and excellent fashion. As a result of that, we've been able to move into a whole host of other areas of mutual concern with the Vietnamese. They're serious about helping us on this. Someone asked the question earlier—what would happen if we denied the renewal of Jackson-Vanik? What would that do to the POW issue?

You know what, I would suggest even if we did deny the renewal of Jackson-Vanik, the Vietnamese would continue to cooperate with us in the same manner and fashion they are now on that issue. They have told me over and over and over again that this is a humanitarian issue which they are very serious about and they have no intention, regardless of our actions, of withdrawing from that. Does that mean we should not renew Jackson-Vanik because we're going to continue to get cooperation in the MIA–POW issue? Absolutely not. Because with the renewal of Jackson-Vanik, we send that message of commitment.

We have now engaged them in the economic fields and in medical fields, and in education, and in environment, and in virtually every other aspect of nation-to-nation relationships. All of them are positive. A renewal of Jackson-Vanik will enhance that positive aspect of our relationship. Why would we not do so? There is no cost essentially. The cost to the taxpayers for Ex-Im and OPIC, it is wide-

ly claimed, is a lot of money. OPIC actually makes money, if I recall, and the people who use their services pay for those services. Ex-Im is a process in which we're exporting products that creates jobs in America. That's what this is all about.

The companies that are over there right now are taking great risk and they're doing so on their own nickel. They're being successful in some areas and unsuccessful in others, but that's what the capitalistic system is all about. I continue to tell the Vietnamese that capitalism and a free-market is essentially the freedom to do two things: freedom to succeed and freedom to fail. They have to learn that. They have to learn how to be competitive. Who best to teach them how to do that than America?

So we have every reason to move on with this and allow this economic engine to help us with the Vietnamese understanding of international standards for human rights, help them to understand how to market themselves in the world community. Because with them involved in the world community, that essentially meets the benefit of the United States. We're not doing anything—United States—in Vietnam that isn't in the United States' interest.

Now 5 minutes or not, I could go on for a couple of hours on this subject because I'm there on the frontline, as are my colleagues. We're there because it's the right thing to do. Our engagement in Vietnam will and is now having significant benefit to the United States. To continue to build on this relationship to the renewal of Jackson-Vanik is absolutely critical to our credibility with the Vietnamese and frankly to the credibility of our allies who are involved with commercial and human rights aspects of their relationship with Vietnam.

So, Mr. Chairman, I'm deeply honored to be here and I value the—and respect deeply all of the Members of this Subcommittee and would ask your strong support in the renewal of Jackson-Vanik for the reasons so stated by Senator Kerry and some others that will speak after me, but certainly from my position. Because it is the right thing to do, at the right time, and is the best thing that we can do for America.

[The prepared statement follows:]

**Statement of Hon. Douglas "Pete" Peterson, U.S. Ambassador to Vietnam**

Mr. Chairman, I would like to thank you for this opportunity to consult with you today about the Jackson-Vanik waiver for Vietnam. As you know I arrived in Hanoi a little over a year ago to take up my duties as U.S. Ambassador to Vietnam. This is an important posting for me personally as I am able to focus on the future and put the past, and the memories of my earlier years in Hanoi firmly behind me. More to the point, through the exchange of ambassadors the United States took another significant step in a process of incremental normalization of our bilateral relationship with Vietnam. On March 10 of this year, the United States took a step forward when the President signed a determination granting a Jackson-Vanik waiver for Vietnam. And earlier this month, the President decided to renew that waiver for a period of one year and has asked for Congressional concurrence.

The President made the decisions to grant, and later, to renew this waiver, first, because the Vietnamese Government had taken several positive steps to accelerate immigration processing as requested by the U.S., second, because it is in the national interest of the United States and, finally, because the waiver enhances U.S. foreign policy goals. The record unequivocally shows that incrementally building a bilateral relationship with Vietnam supports important foreign policy goals of the United States including POW/MIA accounting, freedom of emigration, human rights, regional stability and increased U.S. trade with Vietnam.

Whenever consideration is given to taking any step in normalizing our bilateral relationship with Vietnam, it is necessary to once again review progress in the issue

of "fullest possible accounting" for our missing from the Vietnam War. On this point, I can assure you that no one in this Administration—and certainly not I—has forgotten, nor have we underestimated, the pain and suffering of those who have lost friends and loved ones in the Vietnam war. I personally expend a significant portion of my time as Ambassador directly working this issue and have consistently emphasized to the Vietnamese that obtaining the fullest possible accounting of our missing continues to be the highest priority in our relations with Vietnam. Every senior American official who meets with Vietnamese government representatives stresses this point in order to ensure that there can be no misunderstanding of our position.

Vietnam does understand the importance of this issue to our government and to the American people and has been providing us excellent cooperation in our accounting efforts over the past several years. It was this excellent cooperation that enabled us to establish diplomatic relations in 1995 and to develop normal relations in other areas of mutual interest. On March 4 of this year, President Clinton issued a determination that Vietnam has been "cooperating fully in good faith" with us to account for our missing. This was the third time the President has validated Vietnam's cooperation.

Vietnam is a nation undergoing an enormous political, economic and generational transition. After years of self-imposed isolation from its neighbors and the West, Vietnam's leaders have adopted a policy of political and economic reintegration with the world. At the same time, they also embarked on a policy of domestic renovation, or "Doi Moi," which sought to reduce the role of central planning and encourage the development of a free market system, particularly in the agricultural and retail sectors. This policy unleashed a surge of economic growth in the 1990's and a steady stream of foreign investors and traders going to Vietnam to seek new business opportunities. Our policy of re-engagement with Vietnam builds on and supports these changes.

A prosperous Vietnam integrated into world markets and regional organizations will contribute to regional stability. In recent years, Vietnam has made significant strides in achieving regional integration by joining ASEAN in 1995, gaining membership to APEC in 1998, and laying the groundwork for its eventual accession to the WTO. The granting and continuation of a Jackson-Vanik waiver for Vietnam contributes to this positive trend.

Insofar as the objectives of the Jackson-Vanik amendment are concerned, renewal of the waiver will substantially promote greater freedom of emigration from Vietnam thus fulfilling the major objective of the amendment. I am confident that the prospect of a Jackson-Vanik waiver was an important factor last October in encouraging Vietnam to significantly modify its processing procedures for the Resettlement Opportunity for Vietnamese Returnees (ROVR).

Specifically, Vietnam dropped its requirement for ROVR applicants to obtain an exit permit prior to interview by INS, a change that has greatly facilitated implementation of ROVR. Similarly, at the end of April this year, Vietnam modified its procedures for processing former reeducation camp detainees under the Orderly Departure Program (ODP), and, on June 3, Vietnam informed us that we may interview all Montagnard ODP cases using accelerated interview procedures. The prospects for renewal of the Jackson-Vanik waiver, it is clear to me, have favorably influenced Vietnam to continue to facilitate improvements in ODP processing. The current efficiency and acceleration of ODP processing demonstrates that the waiver is achieving its desired results.

It should be pointed out that in a broad sense, Vietnam has a solid record of cooperation over the last 10–15 years in permitting Vietnamese to emigrate to the U.S. Over 480,000 have emigrated to the U.S. via the Orderly Departure Program (ODP), and there are only about 6,900 ODP applicants remaining to be processed. With the changes in procedures I mentioned above, we anticipate that we will be able to complete interviews for applicants in several of the ODP sub-programs, including ROVR, by the end of 1998.

After a slow start initially, Vietnamese performance in implementing the ROVR agreement has improved dramatically this year. As of June 15, Vietnam has cleared for interview 15,322 or 82 percent of the 18,786 potential applicants. INS has interviewed 9,892 persons and 3,267 have departed for the U.S. under the program. Both sides are working to move people through the pipeline as quickly as possible. Vietnam has not yet provided clearance for 2,463 persons. However, it has provided an accounting for cases, comprising 1,001 persons, that it has not cleared for interview. These are the remainder of about 3,000 persons for whom we requested an accounting in January, 1998. We expect that a significant number of these will be cleared for interview once we are able to provide additional information to Vietnamese officials on these outstanding cases.

However, it should be noted that as we near the end of the caseload, we can expect a slowdown as we begin to process the remaining cases, many of which lack complete addresses or other pertinent information. Nevertheless, we will continue to seek information on these cases and an accounting for any cases Vietnam cannot locate or finds ineligible.

Another area of concern for the U.S. is human rights, and we believe that engagement with Vietnam has produced tangible results. Vietnam does deny or curtail some basic freedoms to its citizens, including the freedom of speech, association and religion. There are a number of people in jail or under house arrest for the peaceful expression of their political or religious views. We have repeatedly told the Vietnamese that these practices are unacceptable. I personally press Vietnam for improvement in these areas at every opportunity and at the highest levels. Senior U.S. officials visiting Vietnam have brought our concerns to the attention of Vietnamese officials, as did Secretary Albright and Treasury Secretary Rubin during their visits to Vietnam last year. On May 26, our Assistant Secretary for Democracy, Human Rights and Labor, led the sixth session of our bilateral human rights dialogue here in Washington. In that meeting we raised both general human rights issues as well as specific detention cases of concern to us.

Continuing to engage Vietnam and encouraging greater openness and reform are the keys to improving its respect for human rights. I am convinced that Vietnam's contact with the outside world has led and will continue to lead to increased openness and relaxation of restrictions on personal liberty, in addition to improved access to information and foreign media. Since normalization, several jailed dissidents have been released. Over time, contacts via media, internet, trade and investment, travel and exchanges the Vietnamese will likely move closer to international standards and values relative to human rights.

Engagement, not isolation, is also the answer for U.S. business. U.S. business views Vietnam, the twelfth most populous country in the world with a population of nearly 78 million, as an important potential destination for U.S. exports and investment. U.S. exports to and investment in Vietnam ultimately translate into jobs for U.S. workers. To be successful, U.S. enterprises seeking to conduct business in Vietnam need access to the U.S. government trade support and investment promotion programs such as those offered by the Export-Import Bank (Ex-Im), the Overseas Private Investment Corporation (OPIC) and the U.S. Department of Agriculture (USDA) in order to compete on a level playing field with their foreign competitors who have access to similar programs. Withdrawal of the Jackson-Vanik waiver would deny these important programs to U.S. businesses operating in Vietnam with the end result that the U.S. jobs that might have otherwise been created are lost.

Vietnam is, admittedly, still a difficult place to do business. After nearly a decade of economic reform, the pace of change has slowed in part due to the current Asian Financial Crisis and, to some extent, due to the slow decision-making process in Vietnam. While U.S. businesses are not optimistic about the near-term prospects for increased activity in Vietnam, many U.S. businesses remain active in Vietnam and anticipate improved prospects in the medium to long term. They believe the U.S. government has an important role to play in encouraging the government of Vietnam (GVN) to improve the country's business climate.

Vietnam needs to undertake additional fundamental economic reforms to create the free trade and open investment regimes that will allow Vietnam's economy to grow and compete internationally. Recent policy changes indicate that the Vietnamese leadership understands that the country's economic performance will suffer further unless it remains firmly committed to carrying out economic reform. This was confirmed to me during a one-on-one meeting with Vietnam's Prime Minister Khai on Monday this week. The U.S. government has consistently joined the international donor community in urging Vietnam to further reform state enterprises, the financial sector and the foreign exchange system, and to move ahead with trade liberalization.

The U.S. government is using a variety of levers to encourage Vietnam to undertake these reforms. We actively engage Vietnamese officials in an on-going dialogue on economic reform and necessary improvements to their country's business climate. Bilateral trade negotiations and WTO accession preparations provide leverage, holding out the prospect of possible MFN treatment in the future. These processes make available to us opportunities to obtain from the Vietnamese commitments to increase U.S. access to that country's markets and to make changes to their trade and investment regime that will directly benefit U.S. businesses.

Withdrawal of the waiver at this time would certainly derail our trade negotiations. As you know, a Jackson-Vanik waiver is one prerequisite for MFN trading status; the other is a completed bilateral trade agreement. Both are necessary if the

United States is to support Vietnam's accession to the WTO. The waiver has already proved to be an useful tool to seek economic reform and to address U.S. businesses' difficulties in Vietnam. Shortly after the waiver was granted in March, the Vietnamese demonstrated renewed interest in concluding the bilateral trade agreement by presenting a vastly improved proposal. Vietnam's first formal discussions on WTO accession were also set around that time. Vietnam would likely interpret our failure to renew the J-V waiver to mean that the United States is not a committed or credible party in these negotiations.

Extension of the Jackson-Vanik waiver for Vietnam directly benefits the United States by supporting continued Vietnamese cooperation and dialogue on our most important goals including POW/MIA accounting, emigration and human rights. Furthermore, it will enhance our ability to credibly promote comprehensive economic reform and greater international engagement on the part of Vietnam. Finally, by ensuring the continued availability of U.S. government programs such as those offered by Ex-Im and OPIC to U.S. business, the waiver will enable U.S. companies to compete effectively in this potentially lucrative market. As U.S. exports to and investment in Vietnam expand, more jobs for U.S. workers can be created.

During the 1980's, U.S. policy isolated Vietnam diplomatically and economically. In the 1990's, we have established diplomatic relations, exchanged ambassadors, and began to normalize our economic ties. We have made significant progress toward achieving our policy goals since we re-engaged Vietnam. I feel strongly that it is firmly in the U.S. interest to continue to build a new relationship with Vietnam on a solid foundation of cooperation on our priority interests.

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Chairman CRANE. Thank you, Mr. Ambassador. Unfortunately, Senator McCain was not able to be here, but we have his testimony which will become a part of the record, too. John, I think, spent the same time at the Hanoi Hilton as you—6½ years—didn't he? He's a strong supporter of the views that you've expressed before the Subcommittee.

[The prepared statement follows:]

STATEMENT OF SENATOR JOHN McCAIN
BEFORE THE SUBCOMMITTEE ON TRADE
OF THE COMMITTEE ON WAYS AND MEANS
JUNE 18, 1998

I am pleased to submit to the Subcommittee this statement strongly endorsing the President's decision to extend the Jackson-Vanik waiver for Vietnam. As you know, I have a deep interest in our bilateral relationship with Vietnam and always appreciate the opportunity to help move that relationship forward.

Although the Jackson-Vanik waiver may appear to be a minor, technical issue of little relevance to broader US-Vietnam relations, it serves as an important tool for the advancement of American interests in Vietnam. Specifically, the President's decision to waive the Jackson-Vanik amendment in March, and to extend the waiver in June, has encouraged measurable Vietnamese cooperation in processing applications for emigration under the Orderly Departure Program, or ODP, and the Resettlement Opportunity for Vietnamese Returnees agreement, or ROVR.

The Jackson-Vanik amendment exists to promote freedom of emigration from non-market economies. The law calls for a waiver if it would enhance opportunities to emigrate freely. The numbers indicate that opportunities for emigration from Vietnam have clearly increased since the President waived the Jackson-Vanik amendment.

As of June 15, 3,267 Vietnamese had departed for the United States under ROVR. Since the waiver was granted, Vietnam has eliminated the requirement for ODP applicants, including Montagnards and former re-education camp detainees, to obtain exit permits prior to being interviewed by American officials. Vietnam has cleared for interview over 80 percent of all remaining ROVR applicants, and we expect many more to be cleared shortly.

Critically, on the day the President announced his decision to extend the Jackson-Vanik waiver, the Vietnamese government announced it would allow U.S. officials to interview all Montagnard ODP cases. Previously, many of these individuals were off-limits to American interviewers, raising concern among many of us that Vietnam was denying Montagnards eligibility for emigration under the ODP. Clearly, the Vietnamese understood that the Montagnard issue was important to the United States, and they responded by meeting our demand for access to this group of people.

In short, Jackson-Vanik is working. Vietnamese cooperation on outstanding emigration applications has increased. Vietnam has made important progress on its commitments under the January 1997 ROVR agreement with the United States. The vast majority of

remaining ROVR applicants have been cleared for interview by U.S. officials. Pre-interview exit permits are no longer required for ODP applicants. American officials will soon be actively interviewing Montagnards who wish to emigrate under the terms of the ODP. Remarkably, the Administration expects to complete almost all ODP refugee interviews by the end of this year.

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

I wish to ask my colleagues who would overturn the President's extension of the Jackson-Vanik waiver for Vietnam the following questions: Would a successful resolution of disapproval do anything other than sacrifice the progress we have witnessed since March? Would revoking the waiver advance the cause of those Vietnamese who benefit dramatically from their government's cooperation on emigration matters? How would those individuals who have successfully departed Vietnam this year have fared if the United States had not used the Jackson-Vanik waiver to encourage Vietnamese compliance with our emigration priorities?

We should also note the significant effect of the Jackson-Vanik waiver on U.S. businesses operating in Vietnam. The waiver has allowed the Overseas Private Investment Corporation (OPIC) and the Export-Import Bank (EXIM) to support American businesses in Hanoi, Ho Chi Minh City, and elsewhere. Competitors from other industrialized countries have long had the benefit of lending and insurance guarantees provided by their own governments. Without such governmental support, American businesses in Vietnam suffered.

There can be little doubt that the American business community in Vietnam has a moderating influence on the political leadership there. As advocates of economic reform and a healthy bilateral relationship, they deserve our support. Withdrawing OPIC and EXIM guarantees would hurt U.S. business in Vietnam and halt the progress on economic normalization that may soon lead to a bilateral trade agreement and Vietnam's accession to the World Trade Organization. It would reinforce the position of hard-liners in Hanoi who believe Vietnam's opening to the West has proceeded too rapidly. We should do all we can to encourage this opening by supporting the U.S. companies that bring trade and investment to Vietnam.

A number of outstanding differences continue to stand in the way of closer US-Vietnamese 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.

Ambassador Peterson and the embassy staff in Hanoi are working diligently to address these legitimate concerns. At the same time, the 30 Joint Field Activities conducted by the Department of Defense in the past five years, and the consequent repatriation of 233 sets of remains of American military personnel during that period, attest to the ongoing cooperation between Vietnamese and American officials on our efforts to account for our missing servicemen. 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 gravely mistaken, 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 March. Those of us with long experience dealing with the Vietnamese, including Senator Kerry, Ambassador Peterson, and U.S. military leaders responsible for our POW/MIA accounting, recognize that cooperation begets cooperation, and that the carrot is as effective as the stick in furthering our cause with the Vietnamese.

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. The Jackson-Vanik waiver is a tool we can selectively use to encourage free emigration. The waiver has contributed to that objective. 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.

We cannot process applicants under ODP and ROVR without Vietnamese cooperation. Such cooperation is put at risk by the resolution of disapproval before the Subcommittee today. As one who cares deeply for the Vietnamese people whose fate may hang in the balance, I urge my colleagues in Congress to support the President's decision to extend the Jackson-Vanik waiver for Vietnam.

I thank the Chairman for holding this important hearing today.

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Chairman CRANE.

Mr. Matsui.

Mr. MATSUI. Thank you very much, Mr. Chairman. Pete, I just want to, again, congratulate you for resuming the position of Ambassador of Vietnam. Certainly you're a hero to all of us in the Congress and to our country. I very much appreciate your testimony.

I was trying to remember my history because one of the members that testified before you in the last panel, equated Vietnam to the Soviet Union. If I recall correctly, the cold war—Soviet Union was an expansionist power; Soviet Union had nuclear weapons; Soviet Union obviously was a military threat. Do you view Vietnam as a military threat? Are they attempting to expand in other areas in Southeast Asia?

Ambassador PETERSON. They did at one time, but I can assure you they are not now. This is a country of great poverty. I have visited—have been invited to visit army divisions and aviation divi-

sions, and I have done so. Their equipage is essentially a collection of antiques. They're not going to do much with those, I can assure you. They have reduced the size of their military establishment by half, roughly. A lot of that frankly has not come back because in their way of operating, many of those military people are engaged in commercial activity because that's how they fund their army. They have construction companies. They have other kinds of things which I understand funds roughly 50 to 55 percent of the military operation—mostly in the salary standpoint.

So they are certainly no military threat to anyone. They have shown no indication or any desire, in fact, to pursue that. We have begun, with them, a very narrow and very small military-to-military liaison because I do have a military liaison officer on my staff. But the activities that we engage in are largely humanitarian and exchanging specialties only. They have not indicated any desire to pursue any military equipage or anything like that to this extent.

Mr. MATSUI. Are the people in Vietnam, from your perspective, seeking more and more American goods—seeking more and more American culture? I know there was a front page story in the New York Times 2 days ago in which a survey was done—a scientific survey. A polling firm did it with respect to what the Chinese—who the Chinese view as the most influential Americans. Thomas Edison, Albert Einstein and Michael Jordan were among the top four or five—maybe Michael Jordan because the Bulls had just won the championship. But are the Vietnam citizens somewhat similar in the sense of really seeking out or trying to find out what our culture is about—things of that nature?

The reason I ask that, too, is because through that process that's how the whole concept of democratization, freedoms and those kinds of issues start to come into play. That's the whole concept behind the President, I think, many members who want to see the continuation of the waiver would view how eventually Vietnam will become more liberal in terms of freedoms and religious freedoms and human rights.

Ambassador PETERSON. The reason I continue to repeat the statistic of the 60 percent under the age of 25 is because the youthful focus is clearly on America. They are so fascinated with what's happening in America and if you go visit, you will see constantly tee shirts that are all English. You would think you were walking in downtown DC or out on the mall someplace because you can't distinguish these individuals from anyone else in the world. Blue jeans, sneakers, and the shoes, of course, of choice are the little slides that they wear. But it is very, very much focused on America. They look to us as the leader in the cultural side. English is the most sought after second language. In fact, people are studying it from dawn until after midnight every night. The schools are full of individuals seeking language, economics, and whatever. They look also for America to—from a leadership of the technology, management skills, and overall business—entrepreneurial advice. So America is their idol, I would say, in a general sense. That's just the people on the street.

I'm not talking about the government; I'm talking about the average person. I mix with them. I'm downtown. I talk to them all the time. They give me insights to what they're thinking. I'm very

pleased to say that if they had a choice right now, they would certainly take America. American products are very popular there. They realize American products have value. We just discovered a Caterpillar tractor that is now over 60 years old. General Electric engines that are running—and generators that have been running for years and years and years and years. Most of the rolling stock of the old war days are still running around in Vietnam carrying cargo. So they know that we have value, they know we have quality. They know that American products are generally the products that are desired most around the world and they seek those.

Chairman CRANE. Thank you very much.

Mr. Camp.

Mr. CAMP. Thank you, Mr. Chairman.

Thank you, Mr. Ambassador, for being here. You obviously come to this Subcommittee as a colleague and classmate of mine. Also, you come with a great deal of personal integrity and it's good to see you. I appreciate your testimony. I have generally supported the idea of engagement when dealing with other countries and I think it's so eloquently stated by Senator Kerry. But I do have some concerns particularly about the human rights record in Vietnam.

The continued restrictions on freedom of association; freedom of press; freedom of religion;the fact that prisoners of conscience have not been released; the lack of structural reforms in the banking sector; and the lack of market reforms. Also, very frankly, progress on the POW–MIA issue that is concrete. I guess I would ask you how can we most effectively influence the direction of those political and economic reforms and at the same time get the fullest accounting of our prisoners of war. I would like to hear your comments on that. If you could specifically—how many unaccounted-for Americans remain in Vietnam? In recent months, what has been the progress on that issue?

Ambassador PETERSON. Well, I'd have to seek out the numbers here in the book exactly on the MIA–POW issue. But in Vietnam, I think the number is 1,564 or something like that that are still listed as MIA. Of that number, however, we have significant portfolios of investigations. Many of those cases have been investigated multiple times. If I were to hand you a case study of a number of them—several hundred of them—you would probably conclude that well we know what happened to that individual. But our threshold of proof is very high and therefore we continue to keep those cases open in order to add to the portfolio—add to the investigative evidence that would take us to a final absolute conclusion. I understand that a board is in fact being formed at DoD hopefully in the near future that would review these files in a more professional way and come to the conclusions on some of those cases.

There's still a lot of work to be done. A lot of what we do is, you know, is essentially archaeology—very, very difficult. We've done the easy stuff. Now it's just really just head down. As Senator Kerry said, the people who are doing this are largely people in uniform—people who have no agenda. They're there working with the Vietnamese just as colleagues—shoulder-to-shoulder—working to make these discoveries and they're doing it from the archaeology standpoint, they're doing it from the archives standpoint; they're

doing it for some interviews of people throughout the country; and their getting information from all walks of life.

I might add the fact that we have Americans—more Americans in the country as a result of American businessmen coming in with our opening of our diplomatic relations and now hopefully with the continuation of Jackson-Vanik, that adds to the potential for spontaneous discovery. We're going to have more people in the country; we're going to have more access to various other places—people are just going to go in the larger areas of the country and hopefully can make discoveries that our small JTF troops can never get throughout that whole thing. I think we have six people who are permanently assigned to JTF. Then we're bringing in a couple of hundred every other month to do the JTF. But that process will be enhanced through the waiver and by additional Americans going into the country.

But what we're doing is very systematic, and I might add that what we have here now is an organizational structure to get the job done and it's a professional team. Those people who are working this are just remarkable. I would like for you to come and visit and let me show you what they're doing. It's an absolutely fantastic experience to see what these individuals are doing under very, very adverse conditions. Then marry you up with the Vietnamese side and let them tell you for themselves what they're doing and what they're objectives are. They're moving way out ahead in some areas and doing things on their own now that they weren't doing before. This is because of our insistence and request that they do so.

So there's progress being made across that whole spectrum. The other thing, frankly, is the other side of it is that you all are funding it—the work—properly. So we have the organizational structure in place. We have the right kind of people doing the work. We're funding it properly and we just have to wait this thing out. Nothing is going to happen quickly on this. This isn't going to be completed overnight. But I can assure you that this isn't something that we've got on the back burner—this is front burner work. Everything we do in the country is predicated on successes that we derive from our efforts in the POW–MIA area.

But you also bring up the human rights thing. I'm a firm believer that only through some mechanism are we able to achieve the improvement of human rights. I mean, just to sit there and make law that says you must do this and you must do that, isn't going to be totally satisfactory. We do make those points.

At every opportunity, I make that point to the Vietnamese as virtually every visitor we have that we aren't going to tolerate the lack of improvement in human rights. But we can best help that in my view by getting the economic engine running at a higher momentum and with that hopefully we'll bring the opportunity for the higher quality of life for all of the citizens of the entire country which clearly is a human rights issue in itself. But with that you will bring empowerment to those individuals that will ultimately force changes in the political system that will allow greater freedoms throughout the whole spectrum of human rights.

Mr. CAMP. I appreciate that. Over recent years, there's been a number of steps that have been taken—whether it's continuing humanitarian aid, lifting the trade embargo, settling property claims.

Do you believe the progress made in the last 6 months with the Jackson-Vanik waiver is sufficient to continue the waiver?

Ambassador PETERSON. Well, there's no doubt about that. But you see, it's very hard; in 6 months you can't measure virtually anything in those kinds of things. OPIC and Ex–Im and none of those procedural things that would be released as a result of that have really done anything in Vietnam. There's no activity from OPIC in the country. There's a number of things in the pipeline. Ex–Im has done zero in the country. TDA, the Trade and Development Agency, has one project, I think, that's being executed and a couple of others that are sitting on the blocks. There's no change in Ag, no improvement in AID. Nothing's really happened, so I can't measure that. But I do know that the Vietnamese have seen it as a positive commitment from the standpoint of the United States and they have moved forward with us in our bilateral trade negotiations in a much more positive way than was earlier possible. The proposals that they have given us of late, we just concluded our fifth rounds of talks last month, is a very, very good working document. We're moving forward in that area.

So I can't measure in 6 months' success and that's why we need to renew this. It's essentially a no-risk deal on our part. Once we continue—complete our bilateral trade relationship negotiation and once we look at what comes with that—that has to come back to the Congress. A renewal of Jackson-Vanik will have to come back to Congress next year. So what you're doing is essentially giving us another look for 12 months on the potentials that can be derived from the continuation of the Jackson-Vanik waiver.

Chairman CRANE. Just to interrupt for a moment. My understanding is that for the ROVRs there were, in a 3-month period, 14,000 that were approved to emigrate. Then after the waiver and the next 3 months, only 150—is that correct?

Ambassador PETERSON. That very likely is correct because as you get down the chain, there was only 18,000—what is it—18,184 or something like—or 784, that are in that entire list. So we did the, I guess the easy ones——

Chairman CRANE [continuing]. The easy ones.

Ambassador PETERSON. Now when you start getting down to the latter ones, you end up finding some that have difficulties with having broken Vietnamese law. You have some that addresses—many of them—that the addresses are just so bad that you can't find these people. So the processing really slows down when you get to that point. So I don't think the fact that Jackson-Vanik was waived at a certain point on that processing would indicate whether that improved the processing or not. Although I can tell you that the potential of having the Jackson-Vanik waiver was critical in the Vietnamese decision to change the processing procedures so that we could accelerate and more efficiently conduct our interviews that would get us through this process.

Chairman CRANE. Thank you. Mr. Ramstad.

Mr. RAMSTAD. Thank you, Mr. Chairman. Welcome to the Subcommittee, Ambassador. You are not only a good friend and a classmate, but in my judgment a true profile in courage and a true American hero. I don't use those terms loosely, Pete. To endure 6½ years as a prisoner of war, as you did in Vietnam and to have the

sense of forgiveness, and hope and optimism that you do is an inspiration to all of us. Congratulations, as well, on your marriage. You're doing an excellent job and we're proud of you.

I just wanted to ask, Mr. Ambassador, as I understand amongst the ruling elite in Vietnam, there are two factions: the conservatives and the reformers. The reformers want real economic reform and a stronger private sector while the conservatives want to retain the country's socialist positions and more of the status quo. Which faction now is dominant, more powerful? Can approval of the waiver help boost the reformers' efforts?

Ambassador PETERSON. I would say that the reformers clearly are in the leadership at this moment. The Prime Minister who I had a private meeting with—just on Monday of this week—is very much proactive in moving toward and making policy changes that would enhance the further development of this free-market system that they wish to put in place. A very constructive, very enlightened individual, and his staff, I would suggest, is of the same mindset. Throughout the rest of leadership basically it's a reform of leadership of the former advocates. So spiced around throughout the government are the conservatives and that is on purpose. Because they have a consensus-making process in Vietnam and all of the voices have to have an opportunity to project their concerns and so throughout the whole governmental structure, you'll have a mix. But at the moment, I would say that the reformers have the upper hand and they have the upper hand because of the fact that we have renewed our diplomatic relationship with Vietnam; that we have moved forward in our overall bilateral relationship.

Because let me—let me make sure you understand that our relationship is not just POW–MIA—it's not just economic—but there's a whole host of other things we do with Vietnam that are in the interest of the United States. You may have read recently where they have cooperated with us in a law enforcement area where they have apprehended and returned to the United States some of America's 10 Most Wanted. They did that out of the fact that they did it because the value of an agreement to do so. We asked them to do so and they've done that.

We're working with them, on the discovery and the control of infectious disease—something that knows no borders, and by working there in an area where we essentially have a very devastating laboratory, I might add, we're able to find ways of treatment and also to prevent those diseases from reaching America. They're cooperating with us on that whole spectrum of activity. So it's not just that we're doing economics and these things that are in the forefront there; there's a whole host of other activities that are tangential to our work there that are of great benefit to the United States.

Mr. RAMSTAD. Do the reformers support greater personal and political freedoms as well?

Ambassador PETERSON. They do and you may be following the news on that. The Vietnamese people are taking exception to what the leadership is doing. There have been major outbursts of disapproval in various provinces in Vietnam and the people are winning. The Vietnamese Government is having to change personnel and having to be more transparent in their activity so that the people are assured of getting what they deserve.

I might add, here that in the past, the Vietnamese have not had any assets. They had nothing to lose whenever the government made a policy decision that may have put them in jeopardy. Now, the Vietnamese people have motorcycles; they have TVs; they have VCRs; they have houses; they have land; they have a whole lot of assets that are, in fact, potentially put into jeopardy if the Vietnamese Government makes the decision counter to their best wishes.

As a result of that, the government is having to be much more sensitive to a constituency than they ever have before and they have told me that over and over. In fact, the National Assembly members for the first time ever have actually had to go back to the provinces and campaign for their seats because there were actually a lot more candidates than there were seats. I think there were 680 candidates and there were 450 seats. So there was, in fact, competition politically. So things are changing in that realm.

Mr. RAMSTAD. Final question: In your judgment, is there any credible evidence of American POWs or MIAs still alive in Vietnam?

Ambassador PETERSON. I would answer in the same way that Senator Kerry has—that there's no compelling evidence that suggests that there is. However, I don't think anybody would deny the potential that that might occur and that's why we're searching. We have a very, very strong system established so that we can investigate live-citing reports almost immediately. In that regard, we haven't had any live-citing reports for some time that have been meritorious—in fact, we've never had one meritorious. So I would suggest that it would be very, very unlikely that any live Americans will be found in Vietnam; there is no compelling evidence that suggests that. But I would certainly never say never.

Mr. RAMSTAD. Thank you, Mr. Ambassador, Mr. Chairman.

Chairman CRANE. Mr. Neal.

Mr. NEAL. Thank you, Mr. Chairman. Mr. Ramstad took that last question from me, but it's just nice to have you back, Pete. You have special credibility in the House and you were a terrific Member of the House. I think one of the real troubles with the American people today is that they never got to hear from people like Pete Peterson who served in the House of Representatives. Most of the attention was focused on the bickering which occurred on a day-in and day-out basis. There were a lot of people upstairs that had that special credibility that guys like you have around here. It's a shame the public never got to focus on you while you were you here. Nice to have you back.

Ambassador PETERSON. Thank you, Richard. Appreciate it.

Chairman CRANE. Ms. Dunn.

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

Ambassador, it's good to see you back. We're proud of you for the work that you're doing in Vietnam. I'm a bit, I guess, like Mr. Camp. I am as much a supporter of fair and free trade and support MFN consistently in fast track and sort of saying I believe in engagement and believe that's a very important policy. I have not before voted for the waiver for Vietnam, however, and so it's very important to me what I'm hearing today in this hearing; particularly, your comments have been helpful to me.

I have mixed feelings. Since the early eighties, I have been meeting with a group of Vietnamese—former Vietnamese—folks who are U.S. citizens and we talked often. In the early eighties, they were great supporters of Ronald Reagan because they believed that he would open up the opportunity for them to go back home, where they could speak their own language and visit their relatives. So that was a common link that we had. But now they're telling me that they're very concerned about our agreement, or my voting for this waiver because, most particularly, of the MIA–POW situation on the others.

And along with that, I will simply tell you that at a dinner table conversation a couple of years ago I was listening to a member, an employee, of the Russian Embassy here who was telling me how great a hero our own Sam Johnson was in the prison camp. And I said, "How do you know this?" And he said, "Because I have access to the records." And I want to feel that we've got access to those same records that the Russians are looking at, because I think it's important.

On the other side of it, I talk with people like Roy Prosterman, who has been very helpful in Vietnam and other Asian regions and other regions, like the Philippines, in the area of land use and how you convert from a totally totalitarian system to a system where people can own their own private property, and how that property can be used.

I am concerned about a couple of things that were said by earlier people who testified here. I think the point that Mr. Rohrabacher makes about, why are we putting our money into economic organizations that guarantee loans in totalitarian countries like Vietnam, when we could be putting this emphasis into emerging democracies or democracies-to-be, as the Philippines?

So these are all things that come into my mind. I guess I'm asking you, what position gives us the best leverage in helping this nation open up more to an eventual less totalitarian system than communism right now? And what's happening in the economy? And what puts us in the very best position to be able to urge them to go forward and provide them incentives, and yet not be naive about it, be very realistic about it, because we need something back in return?

Ambassador PETERSON. Well, you've asked quite a spectrum of questions there and the best way for us to influence the Vietnamese into moving forward positively and constructively in a transition politically, economically across the board there, is clearly continuing our engagement. And that's the full spectrum of our engagement, I mean, this is not being halfway, and what we have to do ultimately is normalize our relationship with Vietnam across the whole spectrum of our opportunities here. Renewing Jackson-Vanik is just one of those aspects of it, it's not all of them. I might add that this isn't taking us to most-favored-nation status. It's only to take us to the release of Ex–Im, OPIC, and some of the other financial mechanism, programs that would aid American businesses that are doing business in Vietnam now, over 400 American businesses are there now. And so we're just opening up the opportunities for them to be competitive with the other nations that are already there, and I might add Australia is just celebrating their

25th year of relationship with Vietnam, 25 years they've been working with Vietnam in all sorts of activities. And their objectives in working with Vietnam are much the same as ours, and that is the human rights aspects, the economic aspects and even to the extent of the POW–MIA issue, they've been very supportive with us on that.

I just think that for us to take exception to everything they're doing, and they're not doing everything we'd like them to do, I mean, it's not a perfect society. For us not to be there and not to influence them through our processes of economics and to our POW–MIA issue, and through our political mechanisms, then we can't really complain about what they're doing. We can complain now, at the very highest levels. I have access to virtually every office in the land. The goodwill that is established between our two nations is at a very high point at this time, and we need to take advantage of that. They're looking to us for leadership. They're listening to us in the process of our conversations across the POW, human rights, economics, and political issues. And they're assisting us from the standpoint of, as I said, law enforcement, infectious disease control, all of those kinds of things in a very constructive way, and this would continue that.

Now, may I say, please, on the point you made of Sam Johnson: I've worked with the Russians on the documents that they have, and if this Russian has those kinds of documents, I would like for him to bring them forward because in the 6 years, the nearly 6 years I worked with them, none of that was ever discovered and we had a full team that was there working in the Russian archives and we never found anything of the sort. So I suggest that this may be a slight exaggeration on the part of that individual. But certainly Sam Johnson is a hero and a very good friend of mine and he conducted himself with incredible distinction while in captivity and I'm proud to say that I was happy to serve with him in that capacity.

Ms. DUNN. Let me just follow up, you made one point—the economic situation, could you augment a little bit your thoughts on the trend of the economic situation. We have stalled on bilateral negotiations with Vietnam and the IMF in fact is holding back its most recent payment to Vietnam and I'm wondering what your thoughts are on how that's moving and if you see some resolution to that soon.

Ambassador PETERSON. The IMF, as you know, has very strict standards and rightfully so, and the IMF has really held, their activity has held in abeyance until the Vietnamese actually establish a policy working document with not just the IMF, but the whole host of the donor countries. And so until that is concluded, we're not going to continue, the IMF is not going to work with the Vietnamese to conclude the ESF agreement. And once that is in place, of course, then they'll move forward.

I just came from a donor's meeting on Monday in Hue city, in which all of these points were reiterated with the Vietnamese, the leadership, the Prime Minister was there, and all of those points were made and we were given some assurances that they were going to attempt to move forward on that area.

Chairman CRANE. Mr. Jefferson.

Mr. JEFFERSON. Mr. Ambassador, it's good to see you here, sir. I have often wanted to have you in a position where I could ask you questions like this in public. [Laughter.]

Pete Peterson is my classmate; we came here together. We made a good, strong friendship and I'm very happy that he is doing as well as he is in the post that he's in, as we all knew that he would. You can see since you've left I've moved up quite rapidly, I'm here now as a Ranking Member, having moved out Mr. Matsui just about 2 minutes ago. [Laughter.]

And imagine the Chairman, so yes, no telling when you come back again what will be happening here Pete, but it's wonderful to see you and I wish you the very best and I don't want to really, now that I have the chance to ask you questions, probably don't really want to ask you anything that is of much moment. But I did have the chance in 1994 to travel to Vietnam, which I know in those 4 years has changed dramatically from the time because the changes were happening very rapidly with Mr. Gibbons, who was then the head of the Trade Committee. And we spent 4 days there in the northern and southern parts of Vietnam. And we met with what was then a very small group of people who called themselves the American Chamber of Commerce, mostly in the southern part of the country. And they were struggling to get a footing there, but optimistic about their chances and hopeful that we would at that time restore our diplomatic relations and move out our barriers to trade and commercial activity with Vietnam which of course has happened. And I know its all now in an embryonic stage and there's a lot to be done to make all those promises real, but I want to ask a question, not so much about the issue of opening our markets to Vietnam, because I think we should do that, and I think that we ought to move toward as normal a relationship as we can.

But I know that with the emerging economies it's very hard for them to open their markets in ways that are important to us, and they are still very protective in their minds that they want to have access to our markets. What do you feel is the mood of the Vietnamese Government toward opening Vietnam for United States investment and for United States trade, and if there's market access to the Vietnamese market?

Ambassador PETERSON. They're frightened by the potential of doing so, but they know they must do so ultimately. And as part of our bilateral trade negotiations right now we're addressing all of the points that you've just made. What will be America's opportunities in Vietnam for investment and trade, national treatment, the access for intellectual property right protection, services, processes, all of those things are being negotiated now in our bilateral trade agreement. And so, once we conclude that, those guarantees that we've negotiated will be honored in Vietnam.

Essentially, we're asking for reciprocity in all of those things that we would do with them, and I feel confident that ultimately we'll have a very strong trading relationship with Vietnam. They are still not confident in their ability to compete, and that's really one of the big drawbacks, and that they don't have as much confidence in themselves as the rest of the world community actually, because the Vietnamese have proven themselves to, in some areas, at least, to be quite competitive. And now they have to learn how to do that

in a much larger world market, and regardless of what they might do with us, they are petitioning for accession to the WTO, and have already committed to the WTO standards to the extent that they want to join in the future, become a member of APEC this year, and will have to concur to the restrictions and comply to all of the aspects of that membership, and they will have to also ultimately and very soon, actually, concur and follow the prerequisites of trade amongst the ASEAN, because that's part of their neighborhood. And they're gearing up their economy to compete and to share reciprocity with their neighbor countries. So by the time we get to a bilateral trade relationship with them, they will have learned, and I think will be quite capable of participating with the United States in an equal trade relationship, the kind that we would expect from any other country.

Mr. JEFFERSON. You may have already said it, and I may have missed it because I came in after your testimony was complete, but what do you see as the, what progress is being made on the bilaterals and what timetable do you see that the bilateral agreement being completed?

Ambassador PETERSON. I don't think anybody can give you a timetable. We just completed last month our fifth round of talks with the Vietnamese, but this was one, the first one that was really of substantive nature, because we now have from them a very professional proposal on how to move forward with our negotiations.

We've concluded those talks this last month with many questions to be answered on their part and they have gone back and are working on them. I have asked the Prime Minister just as late as Monday to accelerate the work on that so that we can get back to the table quickly, so that we don't lose the momentum that we've established in these talks of last month.

So I suspect that the talks will be conducted again maybe at the end of July in Hanoi. And we'll reengage too, as aggressively as we possibly can. Now, when might it be complete? There's still some very serious issues which need additional work and so I would say that in the best-case scenario, perhaps the end of this year, the first of next, something could be concluded, but it may be way longer than that.

Mr. JEFFERSON. The last thing is, what are some of the more difficult areas of discussion and negotiation you're having about the bilateral agreement?

Ambassador PETERSON. The most difficult probably is the investment area in that they just don't understand all the details with that. And they just don't understand what all this means to them and whether this puts them into jeopardy or whether or not it is a benefit to them.

Mr. JEFFERSON. In multinational investment——

Ambassador PETERSON. Exactly. And well, in American investment specifically. They don't understand the concept of services in the sense that we do in that it's construction as well as a whole host of other things. And they at one time said, "well, we don't have any services, and so we don't need this chapter." So we've brought them along quite a way on that now, and so they are discussing with us on that.

IPR, intellectual property rights, is another area of concern and it'll be, I'm sure that area that can be worked out, but at this juncture it's still one of those things that's difficult to conclude.

Mr. JEFFERSON. Thank you.

Chairman CRANE. Well, again, Mr. Ambassador, we want to express appreciation for the sacrifices you made to be here, but also to commend you for the outstanding job that you've been doing. Keep it up and we look forward to ongoing communication with you on all of the issues of concern in our bilateral relationships. And thank you.

Ambassador PETERSON. Thank you, Mr. Chairman, and certainly if the Subcommittee should want any updates, data, or any assistance in formulating position papers or anything like that, we'd be happy to provide whatever assistance you'd like to have.

Chairman CRANE. Thank you so much.

And now our next panel is Nguyen Dinh Thang, executive director, Boat People, SOS; Y Hin Nie, president, Montagnard Dega Association, Incorporated; Rong Nay, member of the Montagnard Human Rights Committee; Ann Mills Griffiths, executive director, National League of Families of American Prisoners and Missing in Southeast Asia; and Lynn M. O'Shea, New York State Director, National Alliance of Families for the Return of America's Missing Servicemen.

Before you get seated, folks, let me alert you that the bells have just gone off, and we're going to be interrupted here by a vote. So you needn't necessarily get situated in the chairs and wait here because I will recess the Subcommittee subject to call of the Chair and it looks like we've got at least two votes. Is it two?

Motion to recommit I think is the first, so we'll recess subject to call of the Chair and there are at least two forthcoming votes so you can relax and enjoy for awhile.

[Recess.]

Chairman CRANE. Folks, would you all please take seats and would our witnesses please take seats, and if you will please defer to Ms. Griffiths, she has a national conference today that she has to attend, so we'll let her go first and then we'll proceed in the order that I asked you to come up here to the table. Thank you.

Ms. Griffiths, and again, try and keep your oral presentations to 5 minutes, and any written presentations will be made a part of the permanent record, and the little light here will give you an alert sign with the green and then yellow and then red. And, Ms. Griffiths, please give us your presentation.

## STATEMENT OF ANN MILLS GRIFFITHS, EXECUTIVE DIRECTOR, NATIONAL LEAGUE OF POW/MIA FAMILIES

Ms. GRIFFITHS. Well, thank you, Mr. Chairman, and I appreciate your consideration of our national conference. I do welcome the opportunity to represent the POW–MIA families here today. I do have a very brief statement to make, although I'm discarding most of that; but I have a full statement with a small attachment that I would like in the record.

Obviously these hearings are very timely, but hearings before Congress are a sad occasion for the families, that it's necessary to again appear. Given President Clinton's rhetoric, we had in fact

hoped, especially in his first 18 months, that this issue would, as he stated, "be the highest priority of the relationship with Vietnam," and that normalization steps would in fact be based, as a matter of reciprocity, to POW–MIA accounting results. Sadly, any objective observer knows that this is not the case. The administration's strategy, in our view, was and is to move forward as rapidly as possible toward normalization. That is their objective, regardless of whether bilateral issues are resolved, POW–MIA as well as others, in our view.

But to proceed in this way the administration had to ensure that the POW–MIA issue was not fully integrated into policy, and in fact they took several steps. Their strategy encompassed downgrading intelligence collection and analysis, moving the issue institutionally to the Department of Defense and to field operations, then using those activities as the sole measure of success.

These actions were then followed by certifications by the President to Congress, and Cabinet level assurances that Vietnam is fully cooperating, and this was reliant almost solely on joint field operational reports and totally ignored Vietnam's ability to unilaterally account for hundreds of Americans not in crash or gravesites.

This has led to political appointees and newly assigned career officers, who have little real knowledge and/or background on the issue and of necessity accept the assurances of their predecessors that all is going well. And that, in our view, is the primary reason why the Vietnamese leadership no longer takes this issue seriously.

I was at hearings yesterday, and although I was unable to be here to hear Ambassador Peterson and Secretary Kartman, I did hear Secretary Kartman yesterday, as I did the Principal Deputy Assistant Secretary of Defense. In both cases, they stated that they had moved in a very measured and marked way in response to the tremendous cooperation being provided by the Vietnamese. This hearing was held by your colleague, Mr. Gilman, whom you know has a longstanding record on this issue.

My question at that hearing and today is: if the Vietnamese are cooperating so fully, in such an outstanding, superb way, as is claimed, then why is it that the POW–MIA families, and specifically the National League of Families, which as you know with your long history with us, has a record of total responsibility, we don't make things up out of whole cloth, we have always relied on the U.S. Government as our basis of actual data and our expectations of what could be achieved. Our charter and bylaws, is the fullest possible accounting. We have never sought a full or complete accounting. That is impossible in warfare, and we know that. The Vietnamese Government is providing good cooperation to the field operators to conduct joint field activities. That has a multipurpose benefit for them, and some benefit for the POW–MIA accounting issue.

The benefit from their standpoint and the U.S. Government's, the administration's, is that the larger the field operation and the more widespread, the greater the perception of full and complete cooperation, as has been certified by the President. The fact of the matter is that there's longstanding intelligence available to the U.S. Government, and certainly the Vietnamese leadership knows

this. I've been dealing with them directly in numerous, I can't even count how many delegations since 1982. And it is well known that they are continuing to withhold relevant information, including remains of Americans that have long been known stored.

Our view is, what is sadly lacking here, and something about which the operational commands and the Department of Defense can do little, is the policy overall that the leadership of our government, or our administration at present, is to have high-level negotiations that not only raise this issue. When they say that this is the first issue raised with the Vietnamese, they're right. It is at the top of every talking point. They must raise it, but that is before they go on to what they all consider, or appear to consider, as the really important things like trade, like the other issues of bilateral interest to the United States.

Now we don't oppose MFN on ideological grounds. We support it for Laos and Cambodia. We don't support it for Hanoi, for the Vietnamese Government, because of their refusal of cooperation to date on what they can provide on their own, not jointly, and with that I'll close, and if I have to leave before the questions and answers, my apologies, sir.

[The prepared statement follows:]

**Statement of Ann Mills Griffiths, Executive Director, National League of POW/MIA Families**

Mr. Chairman, Members of the Committee.....I welcome this opportunity to represent the POW/MIA families at this important hearing. The timing is vital, and Congressional attention is urgently needed. We appreciate your efforts over the year, Mr. Chairman, and know that achieving the fullest possible accounting has long been a shared objective, one very close to your heart.

Throughout the years since the National League of POW/MIA Families was formed in May, 1970, there have been many difficulties and obstacles. The POW/MIA issue from the Vietnam War, as compared to other wars, is very different. Not only was there no timely U.S. access to the battlefields, but the U.S. faced a national Vietnamese policy of well orchestrated exploitation of the issue for their political and economic objectives, as well as domestic divisiveness.

The greatest challenges came during the immediate post-war period, and they were very tough to overcome. Then, from 1981–92, the *primary* U.S. objective with Vietnam was accounting as fully as possible for America's POW/MIAs, anticipating that satisfactory resolution could allow the United States and Vietnam to move toward normal relations after a Cambodia settlement. It was during this period that most accountability occurred.

The Clinton Administration has rhetorically taken the same public stance regarding highest priority on resolving the POW/MIA issue but, operationally, POW/MIA objectives are not being met. Although the process of joint cooperation has brought some success, especially in Laos, POW/MIA accounting from Vietnam has been minimal when compared to official, long-established expectations.

The most glaring challenges the League now faces are U.S. policy that continues to provide incentives to Vietnam without performance on unilateral actions to account for Americans, including repatriation of remains that cannot be recovered in the field, and accounting for last known alive discrepancy (LKA) cases, directly linked to confirmed data which Vietnam is withholding from U.S. researchers.

Today, 2,089 Americans are still missing and unaccounted for from the Vietnam War, though there are approximately 50 "sets" of remains in varying stages of the identification process. About half of the total were originally carried as POW or MIA; the other half were original-status KIA/BNR, or killed-in-action/body-not-ecovered.

Statistical data surrounding this issue changes constantly, but one crucial, though seldom mentioned, fact is that it is to Vietnam that the U.S. must turn for accountability on most missing Americans, regardless of where the loss occurred. Even in Laos, where 447 are still missing, over 80% were lost in areas under Vietnamese control at the time; in Cambodia, the figure is 90% of the 75 U.S. losses.

The League definition of accountability, long ago accepted officially as well, is the missing man returned alive, or his identifiable remains or convincing evidence as to why neither is possible, in which case the individual's name stays on the list as unaccounted for, but there is little to no expectation of remains recovery.

Our expectations, based upon official information and other evidence, have long been realistic. We accept the nature of war that does not allow answers on all the missing. Knowing the historical record, understanding the volume of intelligence data and having witnessed Hanoi's manipulation of the issue for decades, the League also recognizes approaches that work, versus those that do not.

On Veterans Day of last year, President Clinton stated, "Let us never waiver for a moment in our common efforts to obtain a full accounting for all our MIAs." The public appeal received sustained applause, as expected, but it should have been in the form of a policy directive to some administration officials who fail to treat the POW/MIA issue seriously.

In February of this year, the President affirmed in a letter regarding a Jackson-Vanik waiver for Vietnam that "obtaining the fullest possible accounting of our missing from the Vietnam War is the highest priority in our relations with Vietnam." The President's assurances are welcome, but officials in his administration do not implement his commitments seriously. Some either do not accept the validity of the President's stated policy, or they elect to ignore the direction given.

Last year, Congress discovered that the intelligence priority enjoyed by the POW/MIA issue in the 1980s and early 1990s was removed from presidential directives in 1995. It took significant effort to obtain a pledge from the administration to restore the priority, and an independent analytic capability in the intelligence community still has not been established.

The President's 1997 certification to Congress that Vietnam is "co-operating in full faith" was not accurate. According to findings in a 1997 Senate Select Committee on Intelligence staff inquiry, *"The intelligence community appears to have played no formal analytic role in the determinations"* regarding Vietnam's cooperation. The President's certification, based upon staff recommendations, was heavily influenced by economic interests, an amorphous desire to "heal" and Vietnam's skillful implementation of its own policy.

Much has been and is being heard on Capitol Hill and in the media about the Jackson-Vanik Amendment, covered in Title IV, Section 402 of the Trade Act of 1974, dealing with free emigration. Very little was or is heard about the Gurney-Chiles Amendment covered in Title IV, Section 403, an effort to get all countries to assist in accounting for missing Americans.

The League is very familiar with the Gurney-Chiles provisions. In fact my father, the late Mr. E.C. Mills, then serving as League Executive Director, testified on this very issue before this Committee, though at the time it was the Committee on Foreign Affairs, chaired by your former colleague, the esteemed Clement Zablocki.

We were not the only ones to recognize this vital link; apparently, the Clinton Administration did as well. The President's March 4th certification that Vietnam was "fully cooperating in good faith" missed congressional deadlines, but was timed to coincide with the strategy for gaining Congressional approval of the President's March 11th decision to grant the Jackson-Vanik waiver.

Hanoi's reaction to the waiver was predictable. Unlike some U.S. officials and businessmen, the Vietnamese foreign ministry "gave a cool welcome to the decision, calling it reasonable and a step toward normal economic relations," according to press reports. Anxious to achieve their highest priority—Most Favored Nation trade status—officials in Hanoi treated the waiver as routine and justified, merely another step along the path to normal diplomatic and economic relations that this administration has pursued with inordinate urgency, given the lack of Vietnam's critical economic and strategic import to the United States.

The League's opposition to MFN for Vietnam is not ideological, but based upon Hanoi's failure to take unilateral actions that could account for hundreds of missing Americans. We have long supported MFN for Laos and Cambodia due to both countries' historical record of far more serious accounting efforts.

Obvious manipulation continues to come from Hanoi—from Vietnam's leadership, not the Vietnamese people. To objective observers, Hanoi's record over the years proves our point. Vietnam's leadership has enjoyed tremendous continuity through seven U.S. administrations, and they have not been reluctant to exploit those changes, alternating between surges of cooperation and stonewalling.

There is apparent unwillingness, however, by current U.S. officials to recognize and accept as valid Vietnam's manipulation of the issue, including Hanoi's failure to account for the most obvious cases of Americans last known to be alive. Now, the official statements refer to last known alive cases as "down to 48" from 196, without any reference to the fact that the remains of nearly all of these men have not been

returned—they should be the easiest to account for by returning remains, not the hardest, as alleged by this administration, since they obviously were not destroyed in an aircraft crash.

Administration officials also ignore a direct 1985 admission by a member of the Vietnamese Politburo to a White House official that *hundreds* of remains were being withheld. Since 1990, Vietnam has failed to renew unilateral repatriation of stored remains, and, ironically, U.S. policy-makers seem to accept the Politburo's failure to authorize such full cooperation as somehow proving that there are no more available. Why? Presumably because acknowledging that Vietnam is withholding remains and information, rather than being fully cooperative, is counter to the Clinton Administration's real objectives—full normalization regardless of the cost to achieving the fullest possible accounting.

Despite these circumstances, long before it was politically correct, the POW/MIA families supported humanitarian aid to the people of Vietnam, Laos and Cambodia through assistance to the disabled, school con-struction and other projects. We still do. We also support a rational policy to meet Vietnam's political and economic objectives—as they meet ours in terms of accounting for missing Americans—*not* payment in advance in the naive hope that Vietnam will respond in good faith.

Over the years, there have been obstacles that arose domestically, whether from self-deluded RAMBOs, apologists for U.S. involvement in the war, or con-artists who preyed upon some families, veterans and the general public. One of the greatest frustrations has come from un-informed people who, in the name of undefined "healing" and "putting the past behind," seem to believe that facts, evidence, principles and justice for those who serve can be ignored. Such a mentality assumes that commitments can be summarily dismissed to pursue economic and political objectives, even when answers are being deliberately withheld, as is the case with Vietnam.

Ending uncertainty and bringing facts to waiting families and our nation has been the League's mission for nearly three decades, during which I have served nearly twenty years as Executive Director. Our expectations are realistic. The families simply want answers that, according to senior U.S. officials over many years, could readily be provided on *hundreds* of missing Americans if the Vietnamese leadership makes the decision to cooperate seriously.

Overcoming current challenges requires an educated, committed executive branch, backed by informed families, veterans and Members of Congress, unified behind an approach that can succeed. We long ago recognized the need for active involvement by the veterans community. Support from America's veterans not only enables the League to continue to fight for answers, but helps ensure that Congress and the Executive Branch clearly understand that this issue *must* be resolved. The United States must send a clear signal that those who serve our nation are not expendable, that they will be accounted for if it is humanly possible.

The Vietnam War POW/MIA issue, and specifically the efforts of the League, brought significant changes to our nation and to the world. This is a contribution of which we are, justifiably, proud. In Desert Storm, unprecedented efforts were made to account as fully as possible for America's POW/MIAs *before* U.S. troops were withdrawn. Russia is now seeking to account for her missing in Afghanistan and Chechnya; Kuwait seeks answers for citizens held and missing in Iraq; Israel is still seeking the return of her POWs from Lebanon; and the Croatians search for men unaccounted for in Serb-controlled Bosnia. All have come to the League for advice. Our quest to account for America's POW/MIAs from the Vietnam War has given rise to international recognition: you can blame the war, but don't blame the warrior.

The League's POW/MIA flag is now *the* recognized symbol of the principle of nations seeking accountability for those who serve. Last year, Congress passed, as part of the Defense Authorization Act for FY98, language that mandates flying our POW/MIA flag six days each year: Armed Forces Day, Memorial Day, Flag Day, Independence Day, National POW/MIA Recognition Day and Veterans Day. On permanent display in the U.S. Capitol Rotunda since March 9, 1989, the League's POW/MIA flag now is to be flown on the grounds or in the public lobbies of all major military installations; all Federal national cemeteries; the Korean War and National Vietnam Veterans Memorials; the U.S. Capitol; the White House; offices of the Secretaries of State, Defense and Veterans Affairs (where it now flies daily) and the Director of the Selective Service System; and at all offices of the U.S. Postal Service. Passage was supported by the League and all major national veterans organizations.

The League and our nation's veterans have fought for answers because it is the right thing to do. The Vietnamese people suffered much greater loss of life than we in America, but *Vietnam's* unaccounted for citizens are *known dead*, body not recov-

ered. There are *no* Vietnamese MIAs! Families in Vietnam have no uncertainty except for the location where

their loved ones are buried, and that is tragic enough. It is, however, important to distinguish between the two issues.

Vietnamese KIAs were not only buried in unmarked graves, but will never be accounted for in terms we recognize. Even with the assistance of American veterans in providing relevant information, the Vietnamese have no medical records or other data against which to compare remains and material that may be recovered. Unlike the Vietnamese leadership, the United States was not and is not withholding the identifiable remains of Vietnamese citizens, nor information that could help account for them. Therein lies the core difference on that element of humanitarian reciprocity.

Answers can come on many more American POW/MIAs. The timing, however, depends primarily upon whether the Clinton Administration reestablishes the principle that the pace and scope of U.S. responses to Hanoi's priorities will be directly related to their unilateral accounting actions.

As in the past, Hanoi's response will be based upon self interest. If the President and senior U.S. officials demonstrate seriousness and commitment, the leadership of Vietnam will respond. Unified determination to succeed—by the POW/MIA families, our nation's veterans, the American people and our representatives in Congress—can ensure that the Clinton Administration implements the President's commitments with the integrity that America's missing veterans demonstrated by their honorable service in the cause of freedom.

Thank you, Mr. Chairman. I look forward to your questions.

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Chairman CRANE. We understand that, and we thank you for your presentation, Ms. Griffiths.

Next is Dr. Thang.

**STATEMENT OF NGUYEN DINH THANG, EXECUTIVE DIRECTOR, BOAT PEOPLE S.O.S., MERRIFIELD, VIRGINIA**

Mr. THANG. Thank you, Mr. Chairman, and Members of the Subcommittee. Today I speak on behalf of the Boat People S.O.S., but I am quite convinced that I also represent the view of the majority of Vietnamese-Americans in this country. According to a poll conducted by the Orange County Register the day after the waiver was granted to Vietnam, 93% of all Vietnamese-American respondents opposed that waiver.

Three months ago, President Clinton granted Vietnam the waiver to the Jackson-Vanik amendment, contending that it would substantially promote free and open emigration. Under that amendment, free and open emigration means: one, no citizen should be denied the right or opportunity to emigrate. And two, no citizen should be made to pay more than a nominal fee on emigration on the visas or other required documents for emigration.

After the waiver, Vietnam has substantially slowed down its clearance of eligible applicants, not the other way around. Senator Kerry did quote a number, 15,000 cleared for interviews so far under the ROVR Program. However, he forgot to mention that the vast majority of those names already cleared, that is, 14,000 than before the waiver. Since the waiver, over the past 3 months only about 1,000 have been cleared so far, so that's very indicative of a major slowing down in the processing of these cases.

And Ambassador Peterson did mention that, did acknowledge that's the problem, but he explained in a way that since we are getting to harder cases to deal with. He quote that some of the cases might have been involved in criminal activities, others had wrong

addresses. Well, in Vietnam, criminal activities might mean political activities not permitted or not allowed by the Vietnamese Government there. Actually we have submitted the State Department a long list of about 600 cases and so far we have received very few replies from State Department on those cases. We did include the addresses along with the list.

And now since, actually back in March the State Department was very optimistic. They told us that they expected that the remaining caseload of 4,000 names would be cleared by the end of March. We are now already in June and still 2,000 cases are still waiting for clearance, not to mention 1,200 case individuals have been already denied clearance for interview altogether.

Regarding applicants under the HO program, there has been very little to no progress whatsoever. Among the 900 Montagnards that have been of interest to the United States, since the waiver only 3 percent have been granted clearance for interview. Of the 6,000 former political prisoners and former U.S. employees under the same program, since the waiver, again only 3 percent have been cleared for interview.

I don't think that with those figures anyone could say with a clear conscience that there has been substantial promotion of free and open emigration since the waiver. We have documented numerous cases of former political prisoners, religious leaders, immediate relatives of U.S. citizens, former commandoes, former U.S. Government employees, so on and so forth, who have been exiled to remote areas and banned from contacting any foreigners altogether. Their names do not even make it to the list of the U.S. Government. And there's not much our government can do to help. Under the current arrangement with Vietnam the United States is not allowed to contact these people directly. Not until Vietnam has cleared them for interview. So we are in a catch-22 situation here.

Late last year I took part in a congressional staff delegation to Vietnam. We included one such case among the list of people that we would like to visit. And our Embassy in Hanoi submitted that list of names. And we are not allowed to visit this particular individual. Just yesterday I receive a message of despair from this person through his friends saying that he had been investigated and interrogated multiple times ever since about how his name got on our list. So many are the reasons for which an applicant may be denied emigration. For instance, I know the wife of a Montagnard now in North Carolina was offered exit permission only on the condition that she renounce her religion. She didn't and she's still in Vietnam. That's not the case of a refugee who was allowed to leave only if he leaves his wife, real wife and children behind and takes substitutes assigned by the government as condition for exit. And not too long ago a former political prisoner came to me and ask for assistance because he had been told by the Vietnamese Government that he had to commit himself to gather intelligence once he arrived in the United States for the Ministry of Interior of Vietnam as condition for exit. And he was very frightful because if he didn't cooperate, then his children still back in Vietnam will suffer the consequences.

I know that my time is up and therefore I would like to stress on one major area that has been ignored altogether in all the pre-

vious testimonies, especially from the State Department and from Mr. Kerry, and that is the issue of corruption. There's rampant corruption in Vietnam that has marred the entire emigration process. We have documented cases and we would like to submit in confidence to this Subcommittee the statement of two newly arrived refugees. One had to pay $500 and the other one $3,000 in exchange for exit permission.

In conclusion, I would like to suggest the following conditions for the extension of the waiver. One, Vietnam has to agree to expeditiously clear the entire ROVR caseload for interview including the 1,200 people who are denied clearance. Two, to give the United States full and direct and unhindered access to our applicants of interest to the United States. And three, a concrete and immediate step to combat corruption throughout the emigration process. Thank you, Mr. Chairman.

[The prepared statement follows:]

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

Mr. Chairman and distinguished members of the Subcommittee,

I am Nguyen Dinh Thang, Executive Director of Boat People S.O.S., a human rights and refugee rights organization that has worked on issues related to Vietnamese refugees and immigrants for almost two decades. Today I would like to present hard numbers and facts that are self-explanatory about Vietnam's attitude towards free and open emigration. I also would like to raise my concern over the Administration's foreign policy towards Vietnam in the broader context of human rights and trade.

Three months ago President Clinton granted Vietnam waiver to the Jackson-Vanik Amendment. His justification is that the waiver will substantially promote free and open emigration. Under the Jackson-Vanik Amendment, free and open emigration means: (1) no citizen should be denied the right or opportunity to emigrate, and (2) no citizen should be made to pay more than a nominal tax, levy, fine, fee on emigration or on the visas or other documents required for emigration.

After the waiver, Vietnam has substantially slowed down its clearance of eligible returnees for interview under the Resettlement Opportunity for Vietnamese Returnees (ROVR) program. This program was officially announced in April 1996. After 18 months of foot-dragging, Vietnam suddenly cleared for interview 14,000 of the 18,000 persons of interest to the U.S., all of this within a period of three months leading to the waiver. The State Department was optimistic that the remaining 4,000 names would be cleared before the end of March.

We are now in the second half of June and some 2,000 names are yet to be cleared. Worse yet, Vietnam has already denied interview clearance to over 1,200 eligible returnees. Based on some 600 cases that we have compiled and submitted to the State Department, I have reasons to believe that many victims of persecution with the most compelling refugee claims are among those denied access to U.S. interview. I have brought to the attention of the State Department a significant number of returnees currently under house arrest, in prison or in hiding.

Similarly there has been little progress in the HO program, which resettles former U.S. employees and former political prisoners. Of the 900 Montagnards that the U.S. has tried to gain access to for years, only 3% have been granted exit permission since the waiver. Thousands of former political prisoners denied exit permission prior to the waiver are still without exit permission after the waiver.

I have also worked on numerous cases of beneficiaries of current immigrant visa petitions or religious visa petitions who continue to be blocked from U.S. interviews. Appeals by their U.S. relatives or U.S.-based religious institutions to Ambassador Pete Peterson, to Vietnamese Ambassador Le Van Bang, to the State Department, and intervention by members of Congress have been fruitless.

With the above facts and figures I cannot see how any sensible and fair person could argue that the waiver has substantially promoted free and open emigration. Vietnam has become less, not more, cooperative after the waiver.

The problem is actually many times worse than those numbers may show. Most emigration applicants must pay hefty amounts of bribes in exchange for required documents, clearance and exit permit. I have interviewed many of these victims who arrived in the U.S. in recent months. Some of them had to pay several hundred dol-

lars; others several thousand dollars; and many had to practically give away their houses and other properties to state officials. Considering the average annual per capita income in Vietnam is only 250 dollars, such payments cannot be characterized as nominal. Those who cannot afford such bribes are often excluded from emigration altogether. I would like to submit in confidence to the subcommittee signed statements of two witnesses who recently arrived in the U.S. One had to pay 500 dollars, the other 3,000, in order to get clearance for interview with the U.S. delegation.

Because it has nothing good to say, the State Department chooses to ignore such corrupt practices, which constitute a gross violation of the Jackson-Vanik Amendment, altogether.

The problem is even uglier if we look beyond the Jackson-Vanik Amendment. I have worked on the case of a Montagnard now in North Carolina whose wife in Vietnam is offered exit permission only if she renounces her religion. She refuses and is still in Vietnam. I know another case who must leave his real wife and children back in Vietnam, and take substitutes assigned by the government as condition for exit permission. A former political prisoner, now living in Washington DC, has come to me to ask for help because Vietnam's Ministry of Interior had required that, once in the U.S., he gather intelligence for them as condition for his exit; his relatives left in Vietnam would suffer the consequences if he fails to cooperate. I am quite certain that the State Department is aware of but would like to overlook such problems.

Earlier this year, President Clinton opposed the Freedom from Religious Persecution Act on the ground that the threat of mandatory sanctions would cause U.S. officials to overlook the problem so as to avoid the imposition of the sanctions. I believe he spoke from experience. That is exactly how the Administration acts with respect to Vietnam, not only on the issue of free and open emigration, but also on the broader issues of human rights and trade.

In July 1995, when President Clinton normalized relations with Vietnam, the Administration reassured skeptics that such a move would promote democracy and human rights in that communist country. Since then, the Communist government has further tightened its grip over its citizens. The number of imprisoned religious leaders and political dissidents has gone up, not down. So has the number of ordinary citizens detained and charged for criticizing corruption in government, and the frequency and severity of reprisals against independent voices in the government-controlled press. December of last year, I took part in a Congressional staff fact-finding mission to Vietnam. On our own initiative, we talked to several intellectuals, dissidents, ordinary people, and even members of the Communist party. The consensus was that human rights conditions had deteriorated since normalization.

Last year, when President Clinton pushed for "fast track" authority, the Administration convinced Congress and the American people that it will ensure that trade expansion will promote workers rights. However, within a day of the President Clinton's announcement of the Jackson-Vanik waiver for Vietnam, the Overseas Private Investment Corporation (OPIC) hurriedly announced programs in Vietnam, despite a statutory requirement that OPIC should not operate in any country that violates basic international labor standards. Knowing that workers are not allowed to form independent labor unions and that forced labor remains common practice in Vietnam, OPIC bypassed the requirement with a waiver.

Aggressively pushing for expanded trade with Vietnam, the Administration seems intent on glossing over rampant and uncontrollably spreading corruption in that communist country, which not only violates the Jackson-Vanik Amendment but will also affect the health and fairness of trade between the U.S. and Vietnam. A survey published in April by the Hong Kong-based Political and Economic Risk Consultancy (PERC) ranks Vietnam the third most corrupt Asian country, only ahead of Indonesia and Thailand. A report issued by the United Nations Development Program four days ago warned that serious lack of transparency in financial dealings means peril and trouble for Vietnam in the months ahead. In two weeks, Vatico Inc., the first American firm licensed to operate in Vietnam, will close shop after 6 rough and unprofitable years. Its president was quoted in the press that he would be surprised "if 10 percent of foreign-invested companies in [Vietnam] are making a profit." Twenty years ago Congress passed the Foreign Corrupt Practices Act. With regard to Vietnam, this Act may face the same fate as the Jackson-Vanik Amendment and the statute on OPIC.

Worst of all, Vietnam seems to know how our Administration thinks and acts. Let me quote an electronic message from a high-ranking Communist official whose email address, although based in Thailand, can be traced all the way back to Hai Phong, North Vietnam. This message was sent to us a few days ago: "I believe that US now or later would have to waive the Jackson-Vanik for Vietnam but the prob-

lem is when. And so why don't Vietnamese overseas support such a move but go against it? If Vietnam's economy develops, they at least can be proud that their homeland would not be in the list of poorest countries in the world. I believe the human rights issue is the western issue to rule Asian countries more than actually from their heart."

It is time that we send a different message to Vietnam, that our Administration speaks from its heart, not its lips.

In her testimony before Congress on February 23rd of this year, Secretary Julia Taft, representing the State Department, reassured Congress that if Vietnam fails to live up to its promised cooperation with U.S. resettlement programs, the State Department would recommend that the waiver to the Jackson-Vanik Amendment be rescinded. Vietnam does not keep its words; our State Department should.

*Dr. Nguyen Dinh Thang grew up in South Vietnam and entered college after the communist takeover in 1975. He escaped by boat to Malaysia in 1978 and arrived in the U.S. seven months later.*

*He obtained his doctorate in Mechanical Engineering from Virginia Tech in 1986 and since then has worked as an engineer at David Taylor Research Center. Ever since his arrival in the U.S., he has been active in the refugee community. In 1986 he founded the College Entrance Preparation program for newly arrived immigrants and refugees. In 1988 he joined Boat People S.O.S. and became its Executive Director in 1990. In the same year he co-founded Legal Assistance for Vietnamese Asylum Seekers (LAVAS), a project sending pro bono lawyers and paralegals to first-asylum camps to assist Vietnamese boat people in their application for refugee status.*

*In December of last year, Dr. Thang took part in a Congressional staff delegation to Vietnam to look into the conditions of repatriated boat people and into the general human rights conditions in Vietnam.*

*Dr. Thang presently serves as the President of the Vietnamese Community of Washington, D.C., Maryland and Virginia.*

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Chairman CRANE. Thank you, Dr. Thang.

Mr. Nie.

## STATEMENT OF Y HIN NIE, PRESIDENT, MONTAGNARD DEGA ASSOCIATION, INC., GREENSBORO, NORTH CAROLINA

Mr. NIE. My name is Y Hin Nie. On behalf of Montagnard Dega Association, I would like to thank——

Chairman CRANE. Wait just a moment. You might pull that microphone—there you go. Thank you.

Mr. NIE. I want to thank Chairman Crane for his help in bringing about this hearing. And further, I want to thank all the Members of the Subcommittee in holding these hearings on United States and Vietnam trade relations, including the present renewal of Vietnam waiver under the Jackson-Vanik amendment, and their interest and assistance in this matter and emigration policy and practice in Vietnam.

And particularly, I want to talk about Montagnard reunification, as the Montagnard people believe in the trustworthiness of the United States of America and as a leader of democratic freedom and we place our trust in today's hearing.

And since 1975, most of our people who immigrated to United States as refugees were combatants against Communist tyranny, in the aftermath Vietnam unification. And allow me to sketch out the role of history of Vietnam and the United States. I will then focus on the human rights violations of emigration, persecution, and restrictions on free emigration for our Montagnard people suffering in central highlands of Vietnam.

The Montagnard people were among those suffering the most from the Vietnam war. Our recent history is rooted in events during and after the war. And during the Vietnam war many of us were compatriots with the U.S. Army groups. On March 30, 1998, on the History Channel, they profiled the Special Forces' role in the Vietnam war prior to 1975. Retired Green Berets who were interviewed stated that the Montagnards would sacrifice their lives to protect American lives. And our association with the Special Forces and veterans' service organizations was evidence of Montagnards' traitorous status to the post-1975 Communist Government of Vietnam. And consequently, restrictions were placed on Montagnards and those who might wish to help. Similarly, the Hanoi government has denied exit visas for spouse and children who want to reunite with their family in United States.

The Jackson-Vanik amendment prohibits certain commercial relations with a country that engages in practices prohibiting and severely restricting free emigration of its citizens and specifically identifies such practice as: denying its citizens the right politically to emigrate and, second, as imposing more than a nominal tax on emigration or documents required for emigration; and, third, imposing more than a nominal tax on a citizen as a consequence of his desire to emigrate to the country of his choice. And consequently, as Montagnards, we are similarly opposed to any waiver of the Jackson-Vanik amendment or the easing to any and all restrictions already placed on the Government of Vietnam until certain practices are greatly improved.

The State Department is aware of 893 Montagnards who were not granted any sort of interview. In fact, a notification of the interviews were never made or delivered to any Montagnard applicants whose names appear on the State Department document under the ODP Program, Bangkok. In addition, 531 at the time of interview were denied, including 100 Amerasian children.

Many of the Montagnards have waited years and years to be reunited with loved ones. The ODP Bangkok office has notified many applicants that they must have prior approval from the United States and Vietnam Governments before exit visas will be granted. And Julia Taft, a representative of the United State Department of State, stated in her letter on March 10, 1998, at the last Senate Committee hearing, that "On February 26, the Vietnam Ministry of Foreign Affairs informed us that staff from the Ho Chi Minh City Ministry of Interior Office had already traveled to central highlands to interview the Montagnards on the ODP list and that ODP would be able to interview them soon."

Then Ms. Taft went on to say that, "This was good news, but I want to assure you that we will not put this issue to rest until we are granted access to all eligible Montagnard cases." To date, this has not happened.

I would like to suggest, if I may, that a Montagnard interpreter accompany the JVA officers to three provinces, Pleiku, Daklak, and Dalat in the central highland of Vietnam for the Montagnard case. In doing so, facilitating a clear picture of the barriers might be possible.

With respect to the aforementioned issues on behalf of the Montagnard people, I would like to strongly encourage this Sub-

committee to support the Jackson-Vanik amendment, in the hope that issues concerning human rights in Vietnam and emigration practices of the Hanoi authority may be overcome. The Clinton administration should not renew the Jackson-Vanik waiver until Montagnards and other ethnic groups and Vietnamese are allowed to freely emigrate. Please, this is the only honorable and just course for the United States in its relationship with Vietnam.

God bless you and America. Thank you, Mr. Chairman.

[The prepared statement follows:]

**Statement of Y Hin Nie, President, Montagnard Dega Association, Inc., Greensboro, North Carolina**

The Honorable Philip Crane

Ladies and Gentlemen:

My Name is Y Hin Nie. On behalf of the Montagnard Dega Association, I want to thank Congressman Crane for his help in bringing about this hearing. Further, I want to thank the members of the Subcommittee holding these hearings on U.S.-Vietnam trade relations, including the President's renewal of Vietnam waiver under the Jackson-Vanik amendment to the act of 1974 for their interested and assistance in this matter of emigration policies and practice in Vietnam. Particularly in the Montagnard Reunification family cases. The Montagnard people believe in the trustworthiness of the United States of America and as a leader in democratic freedoms. We place our trust in today's hearings.

Since 1975, most of our people who immigrated to the United States, as refugees, were combatants against Communist tyranny, in the aftermath of Vietnam's unification. Allow me to sketch our role in the history of Vietnam and the United States. I will then focus on the human right violations of immigration, persecution and restrictions on free emigration for our Montagnard people suffering in the Central Highlands of Vietnam.

The Montagnard people were among those who suffered the most from the Vietnam War. Our recent history is rooted in events during and after the War. During the Vietnam War, many of us were compatriots with U.S. Army groups. On March 3, 1998, the History Channel profiled the Special Forces' role in the Vietnam War, prior to 1975. Retired Green Berets who were interviewed stated that Montagnards would sacrifice their lives to protect Americans' lives. Our association with the Special Forces was evidence of Montagnards' traitorous status to the post–1975 communist government of Vietnam. Consequently, restrictions were placed on Montagnards and those who might wish to help. Similarly, the Hanoi government has denied exit Visas for spouses and children who want to reunite with their families in the United States.

The Jackson/Vanik Amendment prohibits certain commercial relations with a country that engages in practices prohibiting or severely restricting free emigration of its citizens and specifically identifies such practices as: (1) denying its citizens the right or opportunity to emigrate; (2) imposing more than a nominal tax on emigration or documents required for emigration; (3) imposing more than a nominal tax or other charge on a citizen as a consequence of his desire to emigrate to the country of his choice. Consequently, as Montagnards, we are severely opposed to any waiver of the Jackson/Vanik Amendment or the easing of any and all restrictions already placed on the Government of Vietnam until such emigration practices are greatly improved.

The State Department is aware of 893 Montagnards who were not granted initial interviews. In fact, notification of any of the interviews were ever made or delivered to any of the Montagnard applicants who's names appear on the State Department documents under the ODP Program, Bangkok. In addition, 531 at the time of interview were denied including 100 Amerasian children.

Many Montagnards have waited years and years to be reunited with loved ones The ODP Bangkok office has notified many applicants that they must have prior approval from the US State and the Vietnamese Government before exit Visas will be granted. Julia E. Taft, a representative of the US State Department, stated in her letter of March 10, 1998 at the last Senate Subcommittee Hearings that "on February 26, the Vietnamese Ministry of Foreign Affairs informed us that staff from the Ho Chi City Ministry of Interior office had already traveled to the Central Highlands to interview some of the Montagnards on the ODP list and that ODP would be able to interview them soon." Ms. Taft went on to say that "this was good news,

but I want to assure you that we will not put this issue to rest until we are granted access to all eligible Montagnard cases." To date, this has not happened.

I would like to suggest, if I may, that a Montagnard interpreter accompany the JVA officer to the three provinces Pleiku, Daklak, and Dalat in Vietnam to interview Montagnard cases. In doing so, facilitating a clearer picture of the current barriers might be possible.

With respect to the affore mentioned issues, 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 the emigration practices of the Hanoi Authority may be over-come. The Clinton Administration should *not* renew the Jackson Vanik waiver until Montagnards and other Vietnamese are allowed to freely emigrate. Please. This is the only honorable and just course for the U.S. in its relationship with Vietnam. God bless you and the United States of America. Thank You.

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Chairman CRANE. Thank you, Mr. Nie.

And our next witness is Mr. Nay.

**STATEMENT OF RONG NAY, MEMBER, MONTAGNARD HUMAN RIGHTS COMMITTEE, CARY, NORTH CAROLINA**

Mr. NAY. Honorable Chairman Phil Crane and ladies and gentlemen, my name is Rong Nay. I'm a member of the Human Rights Committee of the Montagnard people. I would like to thank Chairman Crane, and the Members of the Subcommittee, for consideration of the Jackson-Vanik amendment for free emigration and trade with Vietnam.

Today we are honored to have our voice heard. In Vietnam, please understand that the Montagnard/DEGA indigenous people have no voice to be heard—no true voice. We cannot get our families out of Vietnam. We cannot worship our Christian faith freely. We cannot receive humanitarian aid. We cannot have the same opportunities in education and development as the Vietnamese. Ambassador Peterson knows clearly about this, as does the U.S. State Department.

We pray that the Vietnamese Government will hear our voice today. We ask only to be treated as human beings. We love our families, our children, just the way the Vietnamese do. Why can't we get our families out of Vietnam? Why does the Vietnamese Government continue to punish the Montagnard people just because we are an indigenous people or we fought and died alongside Americans?

The intention of the Jackson-Vanik amendment is to promote free emigration, but the Montagnards are still suffering and are separated from their families. We are so sad that in Vietnam we are forced to substitute Vietnamese people into our family units, just so that half of our families can get exit visas to leave Vietnam. And, also, the Vietnamese Government forces our people to pay a huge amount of money to obtain the exit visa or we must substitute a relative of a police officer in order that their children can have the opportunity to get in the United States to study.

Please believe us; these are the facts. This is against the law and policy of the United States. Our Montagnard people have been discriminated against for years, but now we are being told we must split our family, in order that some of us can have freedom in America.

Why do the Vietnamese punish us? Because during the United States backing of South Vietnam in the Vietnam war, America's Special Forces have been recruiting and training thousands of the Montagnard group, who fought alongside the Americans with loyalty, bravery, and friendship. The Montagnard bonded to the Americans as their only true allies during the war. During Vietnam war, more than a million of the Montagnard were killed; 85 percent of the Montagnard villages were abandoned or destroyed.

Please don't turn your back on us. We need your help. We don't hate the Vietnamese. We respect the Vietnamese great culture and their struggle for sovereignty against China and other countries. Yet, the Montagnard, too, want our people to survive and develop.

But then the Vietnamese Government writes "FULRO, Anti-Revolutionary" on the paperwork of our people. This is a technique to stop our people from emigrating to the United States. The FULRO was the Montagnard Resistance Movement, but it no longer exists. In the past, the U.S. military supported our people. We emphasize now we struggle peacefully, because the days of freedom and independence of the Montagnards are gone. We are a broken people, but we still stand up with hope and dignity.

I am a lucky person. On January 16, 1976, I was one of the first prisoners to escape from jail into the jungle and joined the Montagnard Resistance Force. We fought for freedom and independence against Hanoi's violations, assimilation, and extermination of our people.

After 11 years, we have refugee status in the United States. I am the first member of the FULRO members to get my family out of Vietnam. My family had to pay $2,000 to get their exit visas.

It is only because of Senator Helms, and other Members of the Congress and State Department, that my family was released on January 14, 1994. Why are hundreds and hundreds of the Montagnard waiting with hope? The United States is the only hope to help their families out of Vietnam. Please help us and get our families from Vietnam, and help our people still remaining in Vietnam to have opportunity to develop and to survive.

Jackson-Vanik should not waiver until all the Montagnard cases are cleared. We need the Montagnard translators to translate for the Montagnard for interviews in the future.

Thank you so much for the privilege to testify today. God bless you.

[The prepared statement follows:]

**Statement of Rong Nay, Member, Montagnard Human Rights Committee, Cary, North Carolina**

Ladies and Gentlemen:

My name is Rong Nay and I am a member of the Human Rights Committee of the Montagnard People. I represent the Montagnard people living both in the United States and in the Central Highlands of Vietnam. I would like to thank Congressman Crane for the opportunity to share our feelings about the plight of the Montagnard people.

I want to thank the members of the Trade Subcommittee for their interest and full consideration of the Jackson-Vanik Amendment, free emigration and trade with Vietnam.

Today we are honored to have our voice heard. In Vietnam, please understand that the Montagnard/DEGA indigenous people have no voice to be heard. No true voice. We cannot get our loved ones out of Vietnam. We cannot worship our Chris-

tian faith freely. We cannot receive humanitarian aid. We cannot have the same opportunities in education and development as Vietnamese people.

Ambassador Peterson knows clearly about this, as does the U.S. State Department.

So we are honored to have our voice heard here today. We pray that the government of Hanoi will also hear our voice today. We ask only to be treated as human beings. We love our families and our children just the way Vietnamese people do. Why can't we be reunited with our loved ones who still remain in Vietnam and who cannot receive their exit visas? Why does the Vietnamese government continue to punish our people because we are an indigenous tribal people and because we fought and died with Americans?

The intention of the Jackson-Vanik Amendment is to promote free emigration, but in the last three months of the 121 names presented by the Vietnamese government to U.S. officials, less than ten have been cleared for interview. Lists of Montagnards unable to receive exit visas have been given to Ambassador Le Bang, to our Ambassador Peterson and to our State Department months, even years ago. *These same people cannot get their exit visas even though the purpose of Jackson Vanik is to promote free emigration from Vietnam.* Our Montagnard people continue to suffer separated from loved ones.

We are so sad that in Vietnam, we are forced to substitute Vietnamese people into our family units just so that half of our family can receive an exit visa to leave Vietnam. Please believe us. This is a fact. We are eligible to emigrate,yet the Vietnamese goverment forces our people to pay huge sums of money to obtain an exit visa or we are told we must substitute a relative of a police official so that their child can have an opportunity to study in the U.S. This is against the law and policy of the United States. Our tribal people have been cheated and discriminated against for years in Vietnam, but now we are being told we must bribe, cheat and split up our families so that some of us will have a chance for freedom in America.

Can you possibly understand how sad, how desperate we feel? With respect to all members of Congress, Ambassador Peterson and others here today, you live with your families. Hundreds and hundreds of our Montagnard people have been living for years and years without their wives or husbands, fathers and mothers, sons and daughters because the Vietnamese government is punishing our people.

Why do they punish us? Because we stood by the side of the American government in the Vietnam War. We were recruited and trained by the U.S. government. We were told the United States would help the Montagnard highlander people in our struggle for freedom and development. During the U.S. backing of South Vietnam in the Vietnam War from 1962 to 1972, American Special Forces recruited and trained thousands of Montagnard troops to fight alongside Americans with loyalty, bravery and friendship. Montagnards bonded to American soldiers as their only true allies during the war. During the Vietnam War more than a million Montagnard people were killed and 85 percent of Montagnard villages were destroyed or abandoned.

Please do not turn your back on us now. We need your help.

We have no hatred towards Vietnam or Vietnamese people. We respect Vietnam's great culture and her struggle for sovereignty against China and other countries. Yet, we Montagnards, too, want our people to survive and develop.

The Montagnards are the indigenous people of Malayo-Polynesian heritage. We have been living for over 2,000 years in the Central Highlands of Vietnam. We have over 40 tribal groups with rich cultures and traditions of peace. Now is a time of peace. Families should be together.

The Vietnamese government writes FULRO Anti-Revolutionary on the paperwork of our people. This technique is a way of stopping our relatives to emigrate to the U.S. FULRO was the Montagnard Resistance Movement. It no longer exits. Although we had support from the U.S. military in the past, we want to emphasize we now struggle peacefully. The days of freedom and independence are gone. We are a broken people, but we can still stand up with hope and dignity.

I am a very lucky person. On January 16, 1976, I was one of the first prisoners to escape into the jungle and join the Montagnard Resistance Force. At this same time thousands of people fled into the jungle. We fought for freedom and independence against Hanoi's violations, assimilation and extermination of Montagnard people. We finally realized it was impossible for us to survive. After 11 years in 1986, we received refugee status in the United States. I am one of the few FULRO members who has been able to get my family out of Vietnam. My wife and four children had their permission withheld for five years. My wife had to pay the immigration police $2,000 to get her exit visa. The Hanoi government demanded that I return and face trial before considering exit permission for my family.

It is only because of Senator Helms, other members of Congress and the U.S. State Department that my family was released on January 14, 1994. What of the hundreds and hundreds of other Montagnards who are waiting with hope? The United States government is their only hope to get their family members out of Vietnam.

Since 1986, the Montagnard Community in the United States found freedom and a new life. It is a great gift from America just to be able to survive. We will give back to America our lives as proud citizens of the U.S. The re-settlement of our Montagnard people is known nationally to be a model of refugee resettlement We don't use welfare. We are a quiet people. We love our families and our Christian faith. The U.S. government knows we are a family oriented, stable, non-violent, and self-sufficient people.

Please help us to get our families out of Vietnam and help our Montagnard people who remain there to have opportunities to develop. The Jackson-Vanik waiver should not be renewed until: 1) All ROVR cases are cleared 2) All Montagnard cases, ODP and HO cases are cleared 3) The same procedures used for ROVR processing are used for Montagnards and HO cases. That is, we need Montagnard translators from the U.S. to translate in the interviews

Thank you so much for the privilege to testify today. I am proud to be a citizen in this free and wonderful country.

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Chairman CRANE. And thank you and God bless you, Mr. Nay. And our final witness is Ms. O'Shea.

**STATEMENT OF LYNN M. O'SHEA, NEW YORK STATE DIRECTOR, NATIONAL ALLIANCE OF FAMILIES FOR THE RETURN OF AMERICA'S MISSING SERVICEMEN, BELLEVUE, WASHINGTON**

Ms. O'SHEA. Mr. Chairman, Mr. Jefferson, on behalf of the membership of the National Alliance of Families, we want to thank you for the opportunity to address this Subcommittee.

We're here today to express our total support of House Joint Resolution 120 disapproving the extension of waiver authority contained in section 402 of the Trade Act with respect to Vietnam. The ancient Greeks said the first casualty of war is truth. Today in the United States we can say the first casualty of profit is morality. In the past, the United States has been a leader in championing the cause of human rights. We set the standard, and our standards were high. Now in the name of trade, and in the name of profit, we continually find ways to excuse or ignore human rights violations and citizens' oppression.

A perfect example of this is China. We have opened trade with China, and the Chinese people are still oppressed, there are major human rights violations in China. We do not expect to see any difference if we open trade or extend the waiver of Jackson-Vanik to Vietnam.

Of course as you are aware, while we support the human rights cause of our Vietnamese and Montagnard allies, our concern is the human rights violation of American prisoners of war missing in action and their families. Hanoi continues to stonewall United States efforts to gain accurate information relating to our prisoners and missing. Contrary to popular belief, there is no no-notice access to sites. United States investigators cannot go anywhere, anytime, and witnesses are routinely interviewed by Vietnamese officials prior to their meetings with United States investigators.

At the conclusion of the Vietnam war, the Vietnamese told the U.S. Government that over 50 men had died in captivity. As of today, the remains of some 25 of those men still remain in Vietnam. These men died in camps in the south controlled by the North Vietnamese and the Vietcong. Men like Rohrabacher, Versace, Bennett and Cook to name but four. When do these men get to come home? Where is the Vietnamese cooperation on men they acknowledged they had control of? Circumstances of remains recoveries are questionable today. And in at least one case, we have very compelling evidence of site salting. Investigators have told us that the reason so little remains come out of Southeast Asia is because the soil is highly acidic and remains simply do not last and we find bone chips and shards and teeth. Yet one pilot who was buried supposed on the date of his incident in September 1972 and remained unprotected in the Vietnamese soil for some 24 years was recovered in a full flight, wearable flight suit, perfect condition. This is evidence of site salting and I would like to leave this photograph with the Subcommittee for the record along with my full testimony. Thank you.

The family in this case has an answer. They do not have the truth, they do not know what happened to their loved one. At the conclusion of the Senate Select Committee in 1973 the Committee concluded that a small number of Americans were left behind at the end of the Vietnam war. They could not name them. The National Alliance of Families at this time with the permission of the family who has been kind enough to make available their documentation, along with documentation that we have uncovered on independent research, we are prepared to state firmly that Army Captain John T. McDonnell was alive in the Bak To Prison Camp in Quang Ngai Province from August 1972 and his last sighting was mid to late February 1973. The source of the report—and I will use his name because he spoke to the Associated Press in June 1973 and gave his name and I take that as a waiver of his desire for protection of anonymity—the source was named Nguyen Thanh Son and he provided information that six American POWs remained in that camp in Quang Ngai Province and he had seen the six as late as mid to late February 1973. He could provide no description on five of the POWs who he described as NCOs. The sixth POW he described was an army captain captured in the 1968–1969 timeframe. He was married, he had two children, he was from the State of Texas where President Johnson lived, that's a direct quote. He had been an ARVN advisor, he gave instruction in artillery. He provided a very detailed physical description down to a mole on the lip of the POW and based on Joint Casualty Resolution Center's analysis, they concluded that that sighting related to one of two POWs: Either Captain John T. McDonnell or Army Sergeant Glen Tubbs. Looking totally at the evidence and factoring in a second or earlier sighting that JCRC also correlated to Captain John McDonnell with an almost identical physical description, we are prepared to state that John McDonnell was alive in a camp in 1973, February 1973 when the POWs were coming home. There is much more intelligence which is detailed in my full testimony. I would like to close with reading just one quote if I may because John T. McDonnell was on the late eighties original 119 discrepancy list

that General Vessey presented to the Vietnamese. And this is a quote from a letter that General Vessey wrote to then Congressman Bob Smith, and he says, "the discrepancy cases I presented to the Vietnamese were those in which Americans were known to have survived the incident in which they were involved. We believe they came into Vietnamese hands and probably were prisoners of the Vietnamese. These individuals did not return during Operation Homecoming in 1973 nor were their bodies returned in the intervening years and no explanation was provided by the Vietnamese. Because these cases may shed light on the fate of any American serviceman believed to have been alive after his loss, they are our priority effort."

In closing I would like to restate our firm opposition to the waiver of Jackson-Vanik, and I would like to ask every Congressman and every Senator when he considers his vote on Jackson-Vanik to consider Captain John T. McDonnell and why the Vietnamese have not provided information on his whereabouts. Thank you.

[The prepared statement follows:]

**Statement of Lynn M. O'Shea, New York State Director, National Alliance of Families for the Return of America's Missing Servicemen, Bellevue, Washington**

Mr. Chairman, members of the committee, on behalf of the membership of the National Alliance of Families, we thank you for the opportunity to address this committee.

We are here today to express our total support for H.J. Res. 120 "Disapproving the extension of the waiver authority contained in section 402 (c) of the Trade Act of 1974, with respect to Vietnam.

The ancient Greeks said "the first casualty of war, is truth." Today, in the United States we can say "the first casualty of profit, is morality."

In years past, the United States of America led the world in championing the cause of human rights. We set the standard. Our standards were high and other nations followed our example.

Now, in the name of trade, in the name of profit, we continually find ways to excuse or ignore major human rights violations and citizen oppression.

The conditions that existed in 1974 leading to the passage of the Jackson-Vanick Amendment exist today, in Vietnam. The only thing that has changed is our willingness to excuse and look the other way. Today, our moral standards drift in the winds of trade and profit. The bigger the profit, the lower our standards go.

In some cases, by our actions, we even appear to condone violations of human rights. The United States expanded trade with China, yet their people remain oppressed. Human rights violations are the norm in China, not the exception.

Now, this administration has requested a waiver to the Jackson Vanick amendment to Title IV of the Trade Act of 1974, as it applies to Vietnam. This waiver would provide for taxpayer financed and/or guaranteed trade benefits for Vietnam.

The administration justified its decision to seek a wavier to Jackson Vanick. by stating that trade will open doors and bring new freedom to Vietnam. Opening trade with China did not bring freedom to its people and it will not bring freedom to the Vietnamese people.

Our organization supports the cause of human rights for our Vietnamese allies wishing to escape communist oppression. The original intent of the Jackson-Vanick Amendment to the Trade Act of 1974, was to insure free emigration as a condition for expanding U.S. trade relations with non-market communist nations. Vietnam had not met the conditions required for a waiver of the Jackson-Vanick Amendment.

As you well know, while we support the human rights cause for freedom loving Vietnamese, our primary concern is the human rights violations inflicted on American Prisoners of War, Missing in Action and their families.

Hanoi continues to stonewall U.S. efforts to gain accurate information relating to our Prisoners and Missing. Contrary to popular belief, there is no "no notice" access to sites. U.S. investigators can not go anywhere, anytime. Witnesses are routinely interviewed by Vietnamese officials prior to their meetings with U.S. investigators.

The Vietnamese provide movement but no real progress in the search for our Prisoners and Missing.

According to the Vietnamese over 50 American prisoners died in captivity, during the war. To this date the remains of less than 30 of those POWs have been returned to their families. These men died under the control of the North Vietnamese and Viet Cong. They died in their POW camps. When do these men get to come home. Where is the cooperation? Where is the compassion?

Remains recoveries and identifications are questionable. We now have evidence that, in at least one case, the recovery site was salted. According to the Vietnamese, the pilot was found dead in his parachute and buried.

Much is heard of the highly acidic Vietnamese soil which leaves little in the way of remains. After 24 years in the acidic Vietnamese soil little was left of this pilots' remains. Yet, the flight suit in which this pilot was buried remained in almost perfect and wearable condition.

The family questions this recovery, yet the Vietnamese consider this case a success, as one more POW/MIA case is resolved. The fated of this pilot may be resolved in the minds of the Vietnamese and U.S. investigators, but no one has come anywhere near the truth.

Although they could not name them, the Senate Select Committee on POW/MIA Affairs concluded in 1993, that a small number of American POWs were left behind at the end of the Vietnam War.

Based on evidence available to us, we believe that one of those POWs was Army Captain John T McDonnell. Capt. McDonnell was sighted and conversed with the source on four occasions between August 1972, and mid-to-late February 1973, at the Bak To prison camp in Quang Ngai Province.

This sighting was taken very seriously by the United States government. On June 15 th, 1973, the Defense Intelligence Agency issued a message stating "REFERENCED REPORT PROVIDED INFORMATION OF URGENT POLITICAL SENSITIVITY."

On April 10th, 1973, two days before Assistant Secretary of State Dr. Roger Shields declared all the POWs home or dead, a North Vietnamese soldier defected to the south. The defector, who held the rank of "aspirant and was commanding officer for the 157 Co. 21st Bn, 2nd Div," provided stunning information that six (6) American POWs remained in a POW camp in Quang Ngai Province. He had seen the six (6) Americans as recently as late February 1973.

The source, interviewed by U.S. investigators on May 22nd, described the six (6), as an American "Captain" and 5 NCOs The source never got a good look at the NCO's and could provide no descriptions. However, the source did provide a detailed description of the "Captain."

110900A Jun 73—From the Department of Defense National Military Command Center:, "In August 1972, Source entered an MR–5 PW Camp.... Source contacted members of the 12th Artillery Bn (NVA) who were at the PW Camp location to study the operation of captured 105 MM Howitzers. Their instructor was a captured American Artillery Officer... who was captured (estimated 1968–1969) by the 459th Sapper Regt. in Binh Dinh Province. The PW was forced to give artillery instructions under threat of execution. In addition to the officer, there were five (5) American NCOs referred to as sergeants and 200 ARVN PWs.... The Americans were segregated from the ARVN PWs. Source only caught a glimpse of the five NCOs and thus could provide no information concerning them. Source, however, conversed with the Artillery Captain on four different occasions, from August 1972 until late February 1973."

"Source stated the American officer was approximately 75 inches tall, with blue eyes and blond hair. He had a high bridged nose and was thin but had a large frame. The artillery Captain had a small mole on the upper portion of his left lip and a scar approximately 1 1/2 inches long behind his left ear. Subject had two tattoos-one on his right forearm... the other on his upper left arm.... The American was married and had one girl 11 and one boy aged 5. Source states that on the four occasions he conversed with this Captain, a Sr. LT. Hinh, MR–5 interpreter, assisted him. Source states the Captain was from Texas, the same place where President Johnson lived, and from source's imitation of the sound of his name it may be inferred that the officer's first name was John (sic)...."

According to the source the POW "was forced to give artillery instruction under threat of execution." We would assume that the 5 American NCOs in camp with the "Captain" faced the same threat of execution, if the "Captain" failed to cooperate.

*June 13th, 1973*—the Defense Intelligence Agency (DIA) narrowed down the identity of the Captain to one of two men. They were Captain John T. McDonnell and Sgt. Glenn E. Tubbs, both of the United States Army.

*June 15th, 1973*—the DIA issued their message regarding "INFORMATION OF URGENT POLITICAL SENSITIVITY." After declaring all the POW's home or dead, the Department of Defense faced a unique crisis. A first hand eyewitness provided

a detailed description of an American POW alive in Quang Ngai Province in February 1973, and he was not alone.

*In DIAs words,* "Analysis of the descriptive data of the "American Captain" has produced two candidates. Although neither fits the description perfectly, both have enough of the reported characteristics that their photographs should be shown to the source. The two individuals are DATA (McDonnell J.T. Cpt, USA) and DATA (Tubbs, G.E. E5, USA)... Both families are being interviewed to determine what tattoos and scars the individuals may have had. Sgt. Tubbs is known to have had one tattoo on each arm. It is not known whether Cpt. McDonnell had tattoos. The scar behind the left ear fits Cpt. McDonnell. It is not known if Sgt. Tubbs had a similar scar."

Capt. McDonnell and Lt. Ronald Greenfield were pilots aboard a AH–1G helicopter. On March 6, 1969 their chopper was hit by ground fire and crashed 50 kilometers southeast of Hue and 3 kilometers southeast of Thon Thuy Cam, Thua Thien Province.

U. S. search teams operated in the area from 1600 hours (4 P.M.) March 6th to March 12th. They found no sign of Capt. McDonnell. On March 7th, at approximately 1330 hours (1:30 P.M.) American search teams located Lt. Greenfield, near the downed helicopter. Lt. Greenfield was seriously wounded and had no memory of events after the crash. He was unconscious from the time of the crash until about 3–5 hours later. Greenfield believes that Capt. McDonnell removed him from the downed helicopter. Examination of the downed helicopter revealed that Capt. McDonnell's seat belt and harness were open and placed neatly on the seat. Search teams located McDonnell's helmet. There was no sign of blood in the helmet. Also located at the crash site were maps, weapons, and survival equipment. According the "JTF–FA Narrative" presented to the Vietnamese in 1989, this suggests "he either had to quickly flee the area or was captured."

Sgt. Glenn Tubbs was a rifle man on a Long Range Reconnaissance patrol. During a river crossing, Sgt. Tubbs lost his grip on the safety line. The current was strong and he was swept away. Search efforts were complicated when helicopters received enemy fire. Early records list Sgt. Tubbs loss location as South Vietnam. However, we have located a document, from Army files dated 17 March 1970, which lists Glenn Tubbs as missing in a classified area of Southeast Asia. Glenn Tubbs was lost in Cambodia, not South Vietnam as the early records indicated.

We have been unable to locate the Tubbs family, however, the case narrative and witness statements, available at the Library of Congress, describe Sgt. Tubbs incident as almost non-survivable.

Both men are from Texas and married. Capt. McDonnell has three children. Sgt. Tubbs has two. The physical description fits Capt. McDonnell, with one possible discrepancy. There is no record of Capt. McDonnell having tattoos, while it is known that Sgt. Tubbs had two, one on each arm.

Documentation obtained by the National Alliance of Families proves that the sources description of the tattoos does not match Glenn Tubbs. Official documentation also indicates that many servicemen acquired tattoos while in service, and therefore official records may not be accurate in this matter. Capt. McDonnell has a scar behind the left ear. Records available to the National Alliance of Families indicate Sgt. Tubbs had no such scar.

In addition to the physical description, the first name, the time frame of capture, rank of the PW, the fact that the PW was an ARVN advisor and artillery officer all match Capt. McDonnell. It should be noted that Capt. McDonnell was on his third tour of duty. His first two tours were served with the Green Berets as an ARVN advisor.

In reviewing this material, one must remember that all four conversations were conducted through an interpreter. Minor errors of translation may have occurred regarding the number of children. It should also be remembered that the number of children is a minor detail which the source may have been confused. It is critical to remember that all major facts relating to the American "Captain" correlate to John McDonnell.

This was not the first sighting of Capt. McDonnell in captivity. This first sighting provides a physical description almost identical to the description of the "Captain" in the Quang Ngai POW camp.

February 16th, 1973—another North Vietnamese rallied to the GVN. This source was a former NVA sergeant. He served as squad leader with the 5th Company, 14th Antiaircraft Battalion NVA 2nd Yellow Star Division. Generated by the Central Intelligence Agency, this report provides a firsthand observation of two U.S. Prisoners of War with the North Vietnamese Army 2nd Yellow Star Division in Laos, on three different occasions, between May and July of 1971.

The first sighting took place "in early May or June 1971 when he saw the two POWs eating lunch with personnel of the Military Staff and political offices, North Vietnamese Army (NVA) 2nd Yellow Star Division [word unreadable] Doan 2 Sao Vang, at the 13th Commo-Liaison Station (WD876558), 33rd Binh Tram, NVA 559th infiltration line (Doung Day 559) in Savannakhet Province Laos. He observed them for about 30 minutes."

"The second time source saw the same POWs was for about two minutes in July, 1971."

"The third time he saw the POWs was for about ten minutes in July, 1971, while POWs were sitting in a hut in the division's base camp area."

The source was told that the POWs "had been captured by the NVA 2nd Division in Quang Nam Province, South Vietnam.

Source observed the POWs the first time from at a distance of about two meters. Both were Caucasian, one was about 30 years old, about 1.8 meters tall, and weighted about 90 kilos. He had a heavy build, a pink complexion, a long face, short brownish blond hair, a receding hairline, a high straight nose, brown eyes, white regular teeth, a round mouth, and a red mole under his lower left lip. He was wearing a green NVA uniform consisting of a short-sleeved shirt and trousers. He was also wearing a white metal "seiko" wrist watch and a large gold ring with a red ruby on his left hand."

"In about October 1972, servent (sic) NAME, a radio operator in the NVA 2nd Division, told Source that the two POWs had been sent to North Vietnam.

In the words of Joint Casualty Resolution Center (JCRC) "no correlation could be made on the second POW cited in the report.")

With regard to the first POW, JCRC stated in the "Field Comment"—"Records indicate that source probably observed Capt. John T. McDonnell, USA (JCRC Nr. 0176).... There is an indication that McDonnell may have been captured.... McDonnell's description follows: age in 1971 was 31, height: 1.77 meters; weight 75 kilos' hair; brown; race; Caucasian; wears white silver seiko watch and large ring on left hand." A photo of Captain McDonnell wearing such a ring was provided to the National Alliance of Families by the McDonnell family.

JCRC re-contacted the source. He was shown McDonnell's photo "mixed with 15 other photographs. However source was unable to make an identification. Then he was shown McDonnell's photographs. After five minutes of study, source said that the photograph looked very similar to the POW who wore the ring, except that his hair was longer and that his nose was long and nostrils were less pronounced. He said that the shape of the face, the eyes, and the mouth were similar to the man in the photograph, but stopped short of making a definite identification because of the difference in the hair style and nose."

*April 23, 1976*—The next record, available to us, comes in a report compiled by the Joint Casualty Resolution Center. The report is titled "Project X." "Project X" was a study to "evaluate the possibility of any of the unaccounted for being alive. The conclusion reached is: There is a possibility that as many as 57 Americans could be alive...."

Among the 57 Servicemen mentioned in "Project X" is Capt. John T. McDonnell. The Case Summary on Capt. McDonnell cites the 1971 sighting stating, "information in this report correlated to Cpt. McDonnell." There is no mention of the 1972 −1973 sightings in Quang Ngai."

In the late 1980's the name of John McDonnell was placed on the "Original 119" Vessey Discrepancy List.

What was the significance of being on the "Original 119" Vessey Discrepancy List.? In a *November 15th, 1989* letter to then Congressman Bob Smith, General John W. Vessey Jr. writes "The discrepancy cases I presented to the Vietnamese were those in which Americans were known to have survived the incident in which they were involved. We believed they came into Vietnamese hands and probably were prisoners of the Vietnamese. These individuals did not return during Operation Homecoming in 1973, nor were their bodies returned in the intervening years and no explanation was provided by the Vietnamese. Because these cases may shed light on the fate of an American serviceman believed to have been alive after his loss, they are the priority of our efforts."

On April 25th 1991, Kenneth Quinn, then Chairman of the Administration's POW/MIA Inter-Agency Group testified before the Senate Foreign Relations Subcommittee on Asian and Pacific Affairs. In response to a question from Senator Alan Cranston, Mr. Quinn stated "In terms of actually conducting investigations on the ground, General Vessey has focused on 119 discrepancy cases, which is to say those cases, which represent, from looking at all the information we know about them, represent the greatest possibility that the men involved might still be alive. We had evidence that they were alive after the incident occurred where the plane was shot

down or they were lost on the ground and we don't know what happened to them and what their fate was."

"So those represented to General Vessey the possibility where it is most probable or most likely that they might still be alive."

Statements by General Vessey and Mr. Quinn re-enforce our position that Capt. McDonnell, listed as an "Original 119" Vessey Discrepancy Case, was alive in February 1973.

The United States Government possessed strong evidence placing John McDonnell in captivity. That evidence shows John McDonnell alive in February 1973.

*1992—Joint Task Force—Full Accounting (JTF–FA)* all but ignored the two sightings in case narratives, on John McDonnell, presented to the Vietnamese. Of the three JTF–FA Narratives available to us, dated, August 1989, July 1990, and Jun 1993, only the July 1990 Narrative mentions the 1972–1973 sighting. None mentions the 1971 sightings, in which JCRC concluded "that source probably observed Capt. John T. McDonnell."

JTF–FA ignored the strong evidence of John McDonnell's capture. They ignored evidence of his imprisonment and survival along with five (5) enlisted men.

Instead, *in 1992* JTF–FA chose to interview witnesses supplied by the Vietnamese. All claimed to have witnessed the helicopter crash. None, however, saw Captain McDonnell. None witnessed his capture. None witnessed his death or participated in his supposed burial on March 7, 1969.

*September 30, 1992*—In their field activity report JTF–FA said, of the Vietnamese witnesses, "Although none of the witnesses actually took part in the capture and burial of the American, they all provided hearsay information that he died while being escorted probably to the Tri Thien Hue Military region Headquarters..."

Captain McDonnell's identification card was located in the Hue City Museum. The card, according to records arrived at the museum in 1975. Field Investigators excavated Captain McDonnell's alleged grave site. The excavation yielded no human remains.

Based on the hearsay of 4 Vietnamese, the 1993 Narrative incorporated the "corroborating hearsay testimony concerning the crash of a U.S. helicopter in 1969 and the subsequent capture and burial of an American."

In other words, since the Vietnamese witnesses all told the same story, it was true.

Today, the case of John McDonnell is considered fate determined. This determination is based on 4 hearsay accounts of Vietnamese witnesses who claimed they heard about a captured American, who died the next day. JTF–FA routinely ignores hearsay information about live POWs. Yet, in this case they are willing to believe hearsay information regarding the death of a POW. A POW, who by their own records and correlation's, was alive in February 1973.

One must wonder, if these same four Vietnamese provided information that Capt. McDonnell was in the Quang Ngai POW Camp at Bak To, would JTF–FA investigators be so willing to believe them.

We, at the National Alliance of Families, believe that based on the information cited, there can be only one conclusion. Capt. John McDonnell was alive as a Prisoner of War at least until February 1973. We further believe that Capt. John McDonnell survived in captivity, as the Nixon Administration was declaring him, and the 5 NCOs with him, dead.

We believe that this case is ample evidence that the Vietnamese government is not "cooperating in full faith" on the POW issue. How many other cases, like this, are ignored?

The Vietnamese Government must be held responsible for the fate of John McDonnell and the 5 NCOs with him.

Long discussed within the POW/MIA issue was information regarding a press conference held in Saigon in June, 1973. During this press conference, a defector provided information regarding POWs not released. Until now little was known about what went on during that press conference as the story was "spiked" at the request of the American Embassy.

That defector was Nguyen Thanh Son, source of the sighting of the American "Captain" and 5 NCOs in Quang Ngai Province between August 1972 and February 1973. During the Saigon interview, in June of 1973, attended by members of the media representing Associated Press, United Press International and NBC, Son spoke of POWs. To our knowledge there is only one record of that interview. It is a short Associated Press Article from the Baltimore Sun, dated June 9th, 1973. In that article, Nguyen Thanh Son is represented as a "junior North Vietnamese officer" not the "commanding officer for the 157 Co. 21st Bn, 2nd Div," as described in the DIA message.

Mr. Son spoke of North Vietnamese plans to infiltrate the South and discussed a North Vietnamese "plan not to launch a general offensive until 1976—before the U.S. presidential elections." "Right now, they don't want to launch an offensive. They're afraid of the reaction of world opinion as well as President Nixon," he said.

Perhaps the Nixon resignation in August of 1974, allowed the North Vietnamese to move up their time table.

On the subject of POWs Mr. Son, according to the AP article, stated "he also believes the North Vietnamese are still holding some American prisoners in effect as hostages to insure that all mines are removed from North Vietnamese waters and that Hanoi receives United States reconstruction money. They want to keep U.S. prisoners because there are many problems to be settled with the U.S. government. They want to keep prisoners in case the U.S. government launches war again, they will have some prisoners."

The article went on to say that "Mr. Son refused to elaborate further," on the subject of POWs.

If Mr. Son did not have information deemed credible, why did the Defense Intelligence Agency, on June 15th, 1973 issue there message of "URGENT POLITICAL SENSITIVITY." Why did the Embassy in Saigon go to extreme lengths to have the story killed? The bigger question is why did the media in the person of UPI and NBC agreed and killed the story.

A telegram dated June 11th, 1973, from the American Embassy Saigon to the Secretary of State Washington D.C., states "NVA rallier/defector Nguyen Thanh Son was surfaced by GVN to Press June 8 in Saigon. In follow on (sic) interview with AP, UPI and NBC American correspondents, questions elicited information that he had seen six prisoners whom he believed were Americans who had not yet been released. American officer present at interview requested news services to play down details; AP mention was consistent with embargo request, while UPI and NBC after talk with Embassy Press Officer omitted item entirely from their stories.

Details on rallier's account being reported septel (sic) through military channels by Bright Light Message today, [word missing] White House."

Nowhere in the Associated Press article is the number of POWs mentioned. Nor is it mentioned that Mr. Son actually saw the POWs over an extended period of time. Or that he spoke with one of them on 4 different occasions. Instead a carefully crafted sentence states "he also believes the North Vietnamese are still holding some American prisoners..."

All the evidence indicates John McDonnell and 5 NCO's were alive in a Quang Ngai POW camp, in mid-to late February 1973. How much longer must they wait to come home?

The Vietnamese government knows what happened to John McDonnell and when it happened. Only his family and the American public remain in the dark.

The National Alliance of Families challenges the Clinton Administration, to live up to its commitment of a full and truthful accounting. A good place to begin is with the case of John McDonnell and the 5 NCOs in the Quang Ngai Prison POW Camp, in February of 1973.

We challenge every Senator and Congressman to stand up and ask the Vietnamese where is John McDonnell? The evidence outlined above is overwhelming.

John T. McDonnell is but one of the 2,000 plus reasons The National Alliance of Families adamantly opposes a waiver of the Jackson-Vanick amendment to Title IV of the Trade Act of 1974, as it applies to Vietnam. Waiving the Jackson Vanick Amendment will allow the Vietnamese government to continue with business as usual. They will fill their treasury by charging outrageous fees to American corporations doing business in Vietnam, while their citizens work in substandard conditions for substandard wages..

Additional trade concessions will not improve the quality for life or the average Vietnamese citizen. Additional trade concessions will not improve Vietnamese cooperation on the POW/MIA issue.

Waiving the Jackson-Vanick amendment as it applies to Vietnam is about profit, not about benefits to the Vietnamese people or advancing the cause of our POW/MIAs. It is about the difference between a CEO's 60 million dollar bonus or his 50 million dollar bonus.

The question is, will this congress allow that check to be written on the backs of our POW/MIAs and the oppressed population of Vietnam?

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Chairman CRANE. Thank you, Ms. O'Shea.

Mr. Jefferson.

Mr. JEFFERSON. I wish to thank our Chairman and thank each of you for your very sincere testimony today. This is a very difficult area and when you have people who have had personal experiences reporting here it makes it very hard for us to pass judgment on it without really taking a moment to give great credence to what you have had to say. I want to ask, in the cases where people have been denied the permission to emigrate, what reasons does the government offer for that? What do they say to people as to why they do not want them to leave the country?

Mr. THANG. I would like to answer your question if I may, Mr. Jefferson. Usually the Vietnamese Government doesn't give any reason whatsoever. For the small number of cases that we have documented, we know the reasons. For instance, if an applicant cannot afford to pay an exorbitant amount of money to an official, for instance, that person would not make it to the list. Often one can confirm at least on a number of cases that have been denied permission, and the reason was that these individuals are longer interested in the programs. However, through the relatives in the United States, also direct mail from them, I'm very sure, I'm very certain, that they are still very much interested just because they didn't get the money to pay and therefore they——

Mr. JEFFERSON. Do you contend that every immigrant in Vietnam pays this exorbitant sum of money which you have described?

Mr. THANG. Well, actually I would like to suggest this. It's very easy and simple to verify. The Subcommittee only needs to request a study by the General Accounting Office here, and all they need to do is to conduct a number of interviews of newly arrived immigrants and refugees, say over the past 3 months. And we can have a very clear and concrete benchmark to judge whether Vietnam has improved its record on emigration or not.

Mr. JEFFERSON. So it is your contention that there has been no improvement in the emigration record of Vietnam, and you can prove that nothing suggests improvement in that conduct.

Mr. THANG. Not only that, sir. There has been some motion but there has been a significant slowing down so I don't consider that as improvement. Actually it has gone backward. I would like to add one, one point here with regard to one specific case. It relates to MIA–POW issue. I had been trying to get one Vietnamese woman out of Vietnam. She escaped to Malaysia many years ago and provided valuable information to the American team, I think it's the Joint Task Force, just interviewed and her information did bring about a resolution of at least one case. Her whole family was allowed to leave Vietnam, however she was not because she had contacted foreigners without permission. It would be of great help if Senator Kerry could exert his influence on the Vietnamese Government to get this poor woman access to interview. I think that she would appreciate that and all the other people here in this room would appreciate that as well.

Mr. JEFFERSON. I was looking at the declaration, I'm sorry, at the extensive waiver authority for Vietnam, message from the President transmitting it to the Congress notifying the Congress of the President's determination to extend the waiver. The waiver is fairly new since March 9, and so the statement here is that there hasn't been enough time to judge whether there's been any mate-

rial change in the immigration policy. But it notes that some 480,000 Vietnamese entered the United States in the last 10 to 15 years, I expect to note that people who have wanted to leave is far higher. It talks about progress made of the resettlement opportunities for Vietnamese returning program. And it states in those years as to how many people have benefited from that effort.

Have you had a chance to see this—the notice transmitted by the President to the Congress?

Mr. THANG. Not yet sir, however I got the latest figures yesterday and again——

Mr. JEFFERSON. Has anyone seen this document and is it their contention that these findings are in error or overstated or can you suggest that they are correct?

Mr. THANG. I think that it has a misstatement in there, sir. Actually, not misstatement but mispresentation of the facts and figures. Even Senator Kerry did mention that Vietnam, actually I'm sorry, Mr. Peterson, did mention and did acknowledge that Vietnam had cleared about 40,000 cases, individuals for interview under the ROVR Program during a very brief period of about 3 months. So Vietnam had the full capability to clear the rest but it's only about 3,000 names within a month but it has been 3 months already and there's no reason why Vietnam cannot do it just overnight.

Mr. JEFFERSON. The efforts that are being made—thank you very much, sir—Mrs. O'Shea, the efforts that are being made to identify remains and satisfy families in their enquiries about missing, missings-in-action if you will, or people who have not—the cases that we talk about now, are they cases where we don't know what happened at all to individuals, and the most cases we'll know that they were casualties of military action but we haven't been able to have the remains returned? Which cases do you find yourself working with now more of, now?

Ms. O'SHEA. The cases—we realize that we are not going to get a full accounting of every man. We do not expect that, it was a war and that's not going to happen. But in very many cases we have extensive information that contradicts the resolutions that are being presented to the families. In other words, in this particular case of Navy pilot Daniel Borah, his family was told in the family report that his body—he had ejected from his aircraft, did not survive the ejection and his body was found in his parachute in a tree, he was found dead by the Vietnamese. They took the body down and they buried him and there he rested until the excavation in 1996. National Security Agency documents tracked the shootdown and within 10 minutes of Dan Borah's shootdown we have a document that states he had been captured alive. The overhead aircraft reported short bursts of manual beeper transmission and we have one document that was presented to the Vietnamese in 1973 as part of the four-party Joint Commission which was then designed to resolve all these cases, which states that Dan actually gave a voice transmission from the ground and the transmission was "Gomer drawn all around."

Mr. JEFFERSON. May I ask you, how many cases are there like this——

Ms. O'SHEA. There are a lot more than people realize. I could not give you an actual estimate. I can tell you the Borah case is one; I can tell you the McDonnell case is one. There's a case of four men who were in ambush also in Quang Ngai Province. There is CIA documentation that they were captured. They were being held—plans were being made to move them to a western area and the most recent report I got from the family is they're scheduling field excavation at the exact loss site. So if the CIA Intelligence was correct, an excavation at the loss site will tell us one of two things: There's nobody there or the site was salted. Assuming the CIA reports are correct and the subsequent reports of sightings, there are many cases where there is strong information and the reports coming back to the—we have movement but we don't have real progress and the families don't have real truth. To be told that your loved one is dead and to have a good remains identification is one thing, but most of these families still do not know what happened and those answers lie in Hanoi and some of these men who were in a POW camp, some of them were probably executed very shortly after captivity. But the families that I talked to and that I work with, they want to know this. They want to know if they died immediately, if they were executed, if they lived in a camp for 4 years, if for some reason the Vietnamese held them until 1975 and then decided to execute them. They—all they want is the truth.

Mr. JEFFERSON. I recognize that and I cannot imagine how tortuous it must be for a family. I have no way to imagine that. And so I think that our government must continue to work in the area, as vigorously as it can and put as much effort into it and as much modern technology and much whatever else we can to help to resolve these things and these very sensitive areas for families. And we should continue to have a commitment to that as far forward as it takes to satisfy every possible interest of any family member out there. I mean that's how I feel about it.

The question before us and that we have to deal with is whether we cannot continue to press forward and make progress in that area and not only on the issues that you talked about with trade and investment, continue to allow Americans to find opportunities in Vietnam and in Vietnam's surroundings. And at the same time without losing priority on this, press for human rights issues and press for openness on, why can't we—is there some reason why we cannot press for all these things at the same time? And make them all priorities——

Ms. O'SHEA. At this point I believe there is a reason. We have lifted the trade embargo with Vietnam, we have normalized. This has all happened within a very short period of time and I have to differ with the witnesses who spoke earlier saying that that generated a tremendous amount of progress and resolution of cases. It resulted in movement, it did not result in progress. We still do not have answers. U.S. investigators are going to the same sites four and five times because the Vietnamese are doling out witnesses one at a time. I think we need to stand back. We have rewarded nonprogress twice or limited progress twice. I think instead of us making the overture and saying, give us more we're going to give you Jackson-Vanik, we should say if you want the Jackson-Vanik waiv-

er but we're going to sit on it 6 months or a year, you give us and then we'll sit down and talk. We're giving before we're getting and we did that with the trade embargo and we did that with the normalization, and I think Jackson-Vanik is our last lever and I think we should use that. We are in the stronger negotiation position and I think we should negotiate using that strength and it should be held off and the Vietnamese, we should go to them and give them the opportunity to show us, not for us to show our good faith continually in giving to them in hope that we get answers.

Chairman CRANE. Well, I want to express appreciation to all of you witnesses and please stay in touch and keep communicating with the Subcommittee because we certainly want to address the questions and the concerns that you've raised and I confess that my two kid brothers were over there during the Vietnam war in the late sixties and I had the opportunity to get over there three times in 1970, 1972 and 1974 and I was overwhelmed when we got the news back here that our last survivors were climbing up on helicopters to get out of there. It's one of those vivid experiences and it has to be profoundly vivid to all of you folks that were there. So please communicate and thank you for coming and testifying today.

Ms. O'SHEA. Thank you.

Chairman CRANE. And our next panel I would now like to call Thomas O'Dore, chairman of the American Chamber of Commerce in Vietnam-Hanoi Chapter; Virginia Foote, president of the U.S.-Vietnam Trade Council; Greig Craft, vice chairman, Asia Pacific Council of American Chambers; and Bradley Lalonde, vice president and country corporate officer for Vietnam with Citibank.

And I would like to remind you to try and keep your oral presentations to 5 minutes and any written presentations will be made a part of the permanent record. And we shall proceed in the order I presented you.

Mr. O'Dore, you're first.

## STATEMENT OF THOMAS O'DORE, CHAIRMAN, AMERICAN CHAMBER OF COMMERCE IN VIETNAM, HANOI CHAPTER; AND CHIEF REPRESENTATIVE, CIGNA INTERNATIONAL

Mr. O'DORE. Thank you, Mr. Chairman and honorable Subcommittee Members. My name is Thomas O'Dore, chairman of the American Chamber of Commerce in Vietnam, Hanoi Chapter. I'm also chief representative for a U.S. multinational insurance company, CIGNA International. And I'm also an American citizen living in Hanoi, married to a Vietnamese national and I have a rather large extended Vietnamese family.

Amcham-Vietnam has nearly 600 members comprised of Fortune 500 companies, nongovernmental organizations including veterans' groups, and entrepreneurs including many Vietnamese-Americans. Americans have invested roughly $1.3 billion in Vietnam following the lifting of the embargo, bringing America quickly into the top 10 list of Vietnam's largest investors. This is significant as American companies got a late start due to the delay in lifting the embargo and has been successful without U.S. financing programs and development aid, which our foreign competitors have had for years.

Now that we have Ex–Im, OPIC, TDA, afforded to us by the President's waiver under the Jackson-Vanik amendment to the Trade Act of 1974, we now have a level playingfield with other investor countries operating in Vietnam. Amcham-Vietnam applauds the President's renewal of Vietnam's waiver under the Jackson-Vanik amendment, and we urge Congress to accept the President's warranted decision.

Today progress is being made by our U.S. Trade Representatives to negotiate a comprehensive bilateral trade agreement which will enhance market access for U.S-made goods and services and strengthen protection of all intellectual property rights. We further urge Congress to give the bilateral trade agreement early consideration and ratification once it is signed by extending normal trading status to Vietnam.

Vietnam has the second largest population in Southeast Asia and I believe the 12th largest in the world with about 78 million people. It has huge potential as a market for U.S-produced goods, services and technology. Vietnam remains engaged and open to United States companies, more United States jobs will be added to the existing three million American jobs which already support the $245 billion in exports from the United States to Asia. But the negative effect of the Asian financial crisis on U.S. exports and jobs which we estimate will be down about $30 billion this year alone, we need to open more markets, not close the door further.

We will not hide the fact that our nearly 600 members find Vietnam a difficult market to enter. But I point out that our membership is increasing, most of us are doing business in Vietnam and we have success stories to tell. Most importantly we all have a positive long-term view on Vietnam's potential and position in ASEAN.

We also want Americans to know that our member companies are very much aware of the POW–MIA human rights, immigration and religious freedoms issues present in Vietnam. Of the large American communities living and working in Vietnam, we participate and engage the Vietnamese in these issues in our daily lives. Our Amcham board of governors includes veteran groups and humanitarian and nongovernmental organization members, and they have a visible and active Committees in our organization. Americans must engage Vietnam to nurture and develop our ideals of democracy, religious freedom and basic human and labor rights.

Lifting the embargo has already started the process of change in Vietnam. Waiving the Jackson-Vanik amendment has taken another step forward. In just a few short years English has replaced Russian and French as the second language of the Vietnamese. The National Economics University in Hanoi has established its first internationally recognized MBA program. Satellite TV stations like CNN, ESPN, MTV, and international publications like "The Wall Street Journal," "USA Today" and of course the Internet, are widely available to the Vietnamese population. The government is decentralizing investment decisionmaking and a stock market is in the works. Vietnam's decisionmaking body, the National Assembly, has more women representatives on a percentage basis than our own Congress. Large state-owned enterprises are being equitized and are insisting on American technology in their infrastructure

projects with foreign companies. MIAs are coming home, and the hundreds of Catholic churches are overflowing on Sunday. Unilateral penalties and sanctions against the Vietnamese Government inhibiting American individuals, organizations, and business in Vietnam will have the opposite effect in achieving their well-intentioned goals. In fact, it will give our competitors an upper hand in Vietnam and they will not participate in a one-sided policy toward Vietnam, stepping into the space we vacate.

As we have witnessed in Indonesia, only by educating the people and engagement can we make change in Vietnam's government happen. The Asian financial crisis has handed America the unique opportunity to step in and take the lead in shaping the future of Vietnam and Asian countries in general.

In speaking to you as chief representative of CIGNA, the insurance market was a monopoly owned by the state-owned insurance company, Bao Viet. Since lifting the embargo, Vietnam unilaterally saw the need to create a competitive insurance market to attract foreign investment. To date, there is over $30 billion in new foreign investment, six new insurance and reinsurance companies in just the past 3 years. There are over 30 insurance company representative offices, including four American companies: Aetna, AIG, CIGNA and John Hancock.

While the opening of the market is too slow from my perspective, it is a positive step in the right direction. Further, it is likely that the first 100 percent foreign-owned licensed insurance company will be an American insurance company, but only if the U.S. Government continues to positively engage Vietnam.

A joint resolution to negate the renewal of the President's waiver under Jackson-Vanik amendment will give our competitor countries a stronger position in Vietnam and further weaken our progress.

And on one final personal note, my wife is Vietnamese. We were married in Vietnam last year. My wife's ability to freely travel to other countries is only limited by the countries she wants to visit. She's currently on vacation in Europe because the United States would not give her an entry visa to be with me here today. Vietnam no longer requires its citizens to obtain exit visas in their passports. They're free to leave and return as they please as long as they have a passport. She is free to leave and return to Vietnam any time she wants just as I can leave and return to the United States, not because she's married to me but because the Vietnamese Government passed laws allowing all Vietnamese passport holders to do just that.

In summary, engagement is working, albeit slower than some of us expect. Progress is happening in areas of investment, human and labor rights, repatriation of MIAs, emigration, and religious freedoms. If you take away the Jackson-Vanik amendment, you take away the light at the end of the tunnel for Vietnam. You'll take away the incentive to negotiate a comprehensive trade agreement and all incentive for economic and social reform. Thank you, Mr. Chairman.

[The prepared statement follows:]

**Statement of Thomas O'Dore, Chairman, American Chamber of Commerce in Vietnam, Hanoi Chapter; and Chief Representative, CIGNA International**

Dear Mr. Chairman and Honorable Committee Members.

Today, I come before you first, as Chairman of the American Chamber of Commerce-Hanoi Chapter, second as Chief Representative for US multinational insurance company CIGNA International, and lastly, as an American Citizen living in Hanoi. Under all three scenarios, I will show that support for the President's renewal of the waiver under the Jackson-Vanik amendment is the right position to take.

Amcham Vietnam has nearly 600 members, comprised of Fortune 500 companies, non-governmental organizations (NGOs), including veterans groups, and entrepreneurs, including many Vietnamese-Americans.

Americans have invested roughly $1.3 billion in Vietnam following the lifting of the embargo, bringing America quickly into the Top Ten list of Vietnam's largest investors, behind primarily Asian countries, such as Singapore, Japan, Korea and Taiwan. This is significant, as American companies got a late start due to the delay in lifting the embargo and have been successful without US financing programs and development aid, which our foreign competitors have had for years. Now that we have EXIM, OPIC and TDA, afforded to us by the President's waiver under the Jackson-Vanik amendment to the Trade Act of 1974, our option of becoming Vietnam's #1 investor is excellent. We now have a "level playing field" with other investor countries operating in Vietnam.

Amcham-Vietnam applauds the President's renewal of Vietnam's waiver under the Jackson-Vanik amendment and we urge Congress to accept the President's warranted decision.

To date, progress is being made by our US Trade Representatives to negotiate a comprehensive bilateral trade agreement, which will enhance market access for US made goods and services, and strengthen protection of intellectual property rights. We further urge Congress to give the bilateral trade agreement early consideration in ratification, once it is signed, by extending non-discriminatory treatment (i.e., normal trading status, or MFN if you prefer), as well a tariff preferences pursuant to the "generalized system of preferences" to Vietnam.

Why to we ask for these considerations, you wonder?

First, Vietnam has the second largest population in SE Asia with about 78 million people. It has huge potential as a market for US produced goods, services and technology. If Vietnam remains engaged and open to US companies, more US jobs will be added to the existing 3.3 million American jobs which already support the $245 billion in exports from the US to Asia last year.

Second, with the negative affect of the Asian Financial Crisis on US exports and jobs, which will be down around $30 billion this year, we need to open more markets, not close the door further.

We will not hide the fact that our nearly 600 members find Vietnam a difficult market to enter. But I point out that our membership is increasing, most of us are doing-business in Vietnam and, we have success stories to tell. Most importantly, we all have a positive long term view on Vietnam's potential and position in ASEAN.

We also want Americans to know that our member companies are very much aware of the MIA, human rights, emigration and religious freedoms issues present in Vietnam, which other witnesses will raise today. As a large American community living and working in Vietnam, we participate and engage the Vietnamese in these issues in our daily lives. Our Amcham Board of Governors includes veteran groups and humanitarian NGO members, and they have visible and active committees in our organization.

The affect of the 30 year embargo on Vietnam was like locking a child in his room for 30 years and feeding him only bread and water. We cannot expect the child to emerge from the locked room as an educated scholar, married and with a well-adjusted family.

Certain individuals and groups, not living in Vietnam, expect Vietnam to have emerged from it punishing isolation as a "new and improved" version of American society. This is not realistic. It cannot possibly happen that easily and there is no precedence for it. Not even in American history. It takes time and struggle.

America must engage Vietnam to nurture and develop our ideals for democracy, religious freedom and basic human and labor rights.

Lifting the embargo has already started the process of change in Vietnam. Waiving the Jackson-Vanik amendment has taken it another step forward. In just a few short years;

• English has replaced Russian and French as the second language of the Vietnamese,
• The National Economics University in Hanoi, has established its first internationally recognized Master in Business Administration (MBA) program,
• Satellite TV stations like, CNN, ESPN, and international publications like The Wall Street Journal and USA Today are widely available to the Vietnamese population,
• The government is decentralizing investment decision making and a stock market is in the works,
• Vietnam's decision making body, the National Assembly, has more women representatives (on a percentage basis) than our own Congress,
• Large state owned enterprises are being equitized and are insisting on American technology in their infrastructure projects with foreign companies (e.g., $1.3 billion Dung Quat oil refinery project between Petrovietnam and the Russians),
• MIAs are coming home,
• And the thousands of catholic churches are overflowing on Sundays.

Unilateral penalties and sanctions on the Vietnamese government, inhibiting American individuals, organizations and business in Vietnam will have the opposite affect in achieving their well-intentioned goals. In fact it will give our competitors an upper hand in Vietnam, as they will not participate in our policy towards Vietnam. As we have witnessed in Indonesia, only by educating the people and engagement can we make change in Vietnam happen too.

The Asian Financial Crisis has handed America the unique opportunity to step-in and take the lead in shaping the future of Vietnam, and Asian countries in general. Lets step-in and strengthen our relationship with Vietnam and increase their dependence on us.

It is easy to unilaterally discipline and punish your own child in your own home, but impossible to unilaterally penalize someone else's child, when no other parents agree to participate. Let's not make that mistake with Vietnam. Let's engage and nurture Vietnam to get the desired result.

Now, speaking to you as Chief Representative of CIGNA, resident in Vietnam....

During the embargo, the insurance market in Vietnam was monopolized by the state-owned insurance company Bao Viet. Since lifting the embargo, Vietnam unilaterally saw the need to create a competitive insurance market to attract foreign investment. To date, there is over $30 billion in new foreign investment, and six new insurance and reinsurance companies in just the past three years; two (2) state-owned, two (2) foreign joint ventures, and two (2) joint-stock companies. There are over 30 insurance company representative offices, including four (4) American companies; i.e, Aetna, AIG, CIGNA and John Hancock.

The next step is 100% foreign-ownership. A recent letter from the Communist Party dated May 25, 1998, includes the instructions to open the market further and include 100% foreign-ownership.

While the opening of the market is too slow from my perspective, it is a positive step in the right direction. Further, it is likely that the first 100% foreign-owned license will go to an American insurance company. But only if the US government continues to positively engage Vietnam. CIGNA applied for a 100% foreign-owned license earlier this year. And we are still patiently waiting.

A joint resolution to negate the renewal of the President's waiver under the Jackson-Vanik amendment will give our competitor countries a stronger position in Vietnam and further weaken our progress.

To date, CIGNA has spend over $2,000,000 in Vietnam, including expenditures in developing the insurance industry. Education and training has gone to groups of individuals in the Insurance Supervisory Department in the Ministry of Finance and the local insurance companies licensed in Vietnam. Our American style and approach to competition and in handling customers fairly and honestly is changing the market dramatically in the right direction. This demonstrates that engagement works.

On a personal note.

My wife is Vietnamese. We met and were married in Vietnam last year. Several of my friends have also been through the process and it gets easier and easier each time, as the Vietnamese government gains more exposure to the idea and experience in handling the procedures.

My wife's ability to freely travel to other countries is only limited by the country she wants to visit. She is currently on vacation in Europe, because the US would not give her an entry visa to be with me here today.

Vietnam no longer requires its citizens to obtain "exit" visas in their passports. They are free to leave and return as they please, as long as they have a passport.

There are no onerous departure fees levied on Vietnamese, as they do in Indonesia to inhibit Indonesians from leaving their country, for instance.

She is free to leave and return to Vietnam anytime she wants, just as I can leave and return to the US. NOT because she is married to me, but because the Vietnamese government passed laws allowing all Vietnamese passport holders to do just that.

In summary, engagement is working, albeit slower than some of us expect. Progress is happening in areas of investment, human and labor rights (like freedom of association and speech), repatriation of MIAs, emigration, and religious freedoms.

By renewing the waiver under the Jackson-Vanik amendment, giving American companies access to loans from TDA, EXIM and OPIC, and continuing to work towards a bilateral trade agreement, Congress is setting in motion opportunities to create more US exports and US based jobs in America. This in turn keeps the pressure on Vietnam. American companies, NGOs and individuals working in Vietnam spread our ideals deep into the social fabric of the Vietnamese. And only the Vietnamese can demand and make change happen in their government's policies towards them. Let's keep the pressure on through engagement.

Thank you.

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Chairman CRANE. Thank you, Mr. O'Dore.

Ms. Foote.

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

Ms. FOOTE. Thank you, Chairman Crane. I'm pleased to be here today as president of the U.S.-Vietnam Trade Council, to testify in strong support of the renewal of the Jackson-Vanik waiver for Vietnam.

The U.S.-Vietnam Trade Council was founded in 1989 and is a trade association with members from the American Business Community. We have worked through our educational affiliate, the U.S.-Vietnam Forum, to improve relations between the United States and Vietnam, with educational exchange programs, annual conferences, congressional delegations, and programs designed to provide the Vietnamese 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 both to the United States and to Vietnam. Beginning in the late eighties, Vietnam embarked on a bold economic reform program which showed impressive results almost immediately. Growth rates have claimed to 8 and 9 percent. From 1988 to 1996 over $26 billion in foreign investment was committed. And starting with from a very low per capita income of only $250 a year, the international donor community began generous overseas development assistant programs pledging $2.4 billion in 1997, which adds to the $8.5 billion pledged since 1993.

Vietnam has made tremendous in establishing relations with Europe, within Asia and with the United States. Vietnam joined ASEAN in 1995, will join APEC this November, and is committed to joining WTO. But the United States normalization process has moved far more slowly than other nations have, and American business involvement in Vietnam has lagged as a result of this and continues to operate with severe handicaps.

Without MFN status, without a trade agreement, and initially without trade support programs, American companies and individuals nonetheless began travelling, investing and trading with Viet-

nam. In 1997 the United States was the eighth largest investor in Vietnam, was the eighth largest trading partner, with $1.2 billion in investment committed and $1 billion worth of two-way trade.

In the last year, the Vietnam Embassy here in Washington has issued some 91,000 visas to Americans wishing to travel to Vietnam, over 66,000 of those for Vietnamese-Americans wanting to visit their homeland, and I understand 200,000 visas have been issued worldwide for Americans to travel to Vietnam. But in 1997 Vietnam's impressive growth began to slow. While Vietnam is in a sense one step removed from the Asian financial crisis with a nonconvertible currency and plans for a stock market still in the future, 70 percent of its foreign investment had been coming from Asian countries as does nearly 70 percent of its international trade.

It is in this difficult environment that the United States is now negotiating a trade agreement with Vietnam and is opening Ex–Im Bank and OPIC programs for American companies there. U.S. policy has pegged Jackson-Vanik to progress on the ROVR Program. On the merits of progress on ROVR alone, Jackson-Vanik ought to be renewed. If you expand it to look at the Orderly Departure Program overall, Jackson-Vanik ought to be renewed.

And on the economic front, the renewal of Jackson-Vanik is equally important to achieving U.S. goals. American involvement in the economic reform 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 my organization and also individually. American products are popular in Vietnam.

In the process of negotiating comprehensive trade agreement with the United States, Vietnam has accepted the general principles outlined in our draft and is now working on the very difficult task of designing an implementation plan and is asking for additional technical assistance. The United States should stay involved in this process. It is in our interest to see a stronger and more economically healthy Vietnam in the Southeast Asian region.

Vietnam has set on an economic reform path that many countries began years ago. It is a process that is going slower than many of us had hoped, and with American companies coming in late it has not been easy for American companies to operate in Vietnam. Yet companies are confident that progress is being made, there are major infrastructure projects that are in the pipeline, and with the help of Ex-Im and OPIC, American companies are in a strong position to win over $2 billion worth of projects in the next few months. With fully normalized economic relations, the United States could well be one of the top investors in Vietnam. My colleagues here are outlining some of their success stories.

In addition, with the initial waiver of Jackson-Vanik, the Vietnamese have greatly sped up the trade negotiations with us and have set an ambitious goal of finishing the trade agreement by the end of this year. The issues on the table such as liberalizing the trade and investment regimes, the strengthening of intellectual property rights, are all of great importance to anyone doing busi-

ness in Vietnam, now or in the future, or anyone hoping to see Vietnam's standard of living increase. Vietnam's strategic and economic role in the region will be greatly affected by U.S. policy overall, and by the course of the bilateral relationship, even in the short run. The bipartisan policy of a step-by-step process normalizing relations with Vietnam, while we feel it has been too slow, it has produced positive results for American interest. The Jackson-Vanik waiver has produced important results, even since it was initially waived by the President in March of this year and it is crucial that the waiver be renewed at this important time in our relationship. Thank you, Mr. Chairman.

[The prepared statement and attachments follow:]

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

Chairman Crane, members of the Committee, I am pleased to be here today as President of the U.S.-Vietnam Trade Council to testify on the renewal of the Jackson-Vanik waiver for Vietnam. If there are no objections, I would like to submit into the record letters that we circulated to Congress and to the President in support of the waiver and a fact sheet we have done in cooperation with other groups on the importance of this waiver.

The U.S.-Vietnam Trade Council, founded in 1989, is a trade association with members from the American business community. A list of our members is attached to my testimony. With offices in Washington and Hanoi we have worked along with our educational affiliate the U.S.-Vietnam Forum to 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 – 1996 over $28 billion was committed. And with a very low per capita income of only $250 per year, the international donor community began generous foreign development assistance programs reaching pledges of $2.4 billion in 1997, adding to the $8.5 billion pledged since 1993.

Also beginning in the late 1980's the Vietnamese government committed to end its isolation and began working to normalize relations with its neighbors, Europe and the United States. Vietnam has had tremendous diplomatic success in normalizing relations in Europe, within Asia and with the United States. Vietnam joined ASEAN in 1995 and will join APEC this November.

The Reagan and Bush administration recognized Vietnam's attempt to end its isolation and responded with a policy of normalizing relations with Vietnam with 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. In response, Vietnam has greatly enhanced its efforts on issues of high priority to the U.S. including the MIA/POW efforts, immigration goals, and now economic reform.

But because the U.S. normalized relations far more slowly than other nations, American involvement in the Vietnamese economy has come later than other nations and still operates with severe handicaps. Without MFN status*, a trade agreement, and initially without trade support programs, American companies and individuals began traveling, investing and trading with Vietnam. By 1997 the United States was the eighth largest investor and eighth largest trading partner with $1.2 billion in investment committed and $ 1 billion in two way trade. In the last year alone some 91,500 visas have been issued for Americans to travel to Vietnam, over 66,000 for Vietnamese Americans wanting to visit their home land.

*Only 5 countries do not have MFN status: Afghanistan, Cuba, Laos, North Korea, and Vietnam.

In 1997, Vietnam's impressive growth began to slow. Foreign investment dropped by 40%. While the growth rate hit 8.8%, the projections for equal levels of growth in 1998 began to look overly optimistic. The easy parts of economic reform had been accomplished. Harder issues loom large. And although Vietnam is 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 had been coming from Asian countries as does nearly 70% of its trade.

It is in this difficult environment that the U.S. is now negotiating a trade agreement with Vietnam and opening Eximbank and OPIC programs after the March 1998 initial waiver of Jackson-Vanik amendment.

U.S. policy has pegged the Jackson-Vanik waiver to progress on the ROVR program. On the merits of progress on the ROVR program alone, Jackson-Vanik ought to be renewed. And in assessing the Orderly Departure immigration program overall, Jackson-Vanik ought to be renewed. Close to half a million Vietnamese have come to the United States under ODP with fewer than 7,000 applicants left to be processed. Another 2,500 ROVR cases out of a universe of nearly 19,000 are left to be cleared for interview, with half of these cases missing due to address or name errors. 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.

On the economic front, the renewal of Jackson-Vanik is equally important for achieving U.S. goals. American involvement in economic reform 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.

In the process of negotiating a comprehensive trade agreement with the United States, Vietnam has accepted the general principles outlined in our draft and is now working on the very difficult task of designing an implementation plan and is asking for technical assistance. The United States should stay involved in this process. It is in our interest to see a stronger and more economically healthy Vietnam in the Southeast Asian region. Yes, Vietnam has a corruption problem. Yes, Vietnam is mired in bureaucracy. Yes, they are fearful of massive unemployment if they let the state enterprise system go. Yes, they worried about what lessons are to be learned from the economic crisis in the region.

But Vietnam has also set out on an economic reform path that other countries began years ago. It is a process that has been slower than many hoped and with American companies coming in late, it has not been easy for American companies to operate in Vietnam. But companies are confident that progress is being made, major infrastructure projects are in the pipe line, and with the help of Exim and OPIC American companies are in a strong position to win over $2.0 billion worth of projects in the next few months. With fully normalized economic relations, the United States could well join the top ranks of investors in Vietnam. My colleagues here have outlined some of the important individual success stories.

In addition, since the initial waiver of Jackson-Vanik, the Vietnamese have greatly sped up the trade negotiations and set an ambitious goal of finishing the agreement by the end of 1998. The issues on the table 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.

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 even in the short run. The bi-partisan 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 it was initially waived by President Clinton in March of this year and it is crucial that the waiver be renewed at this important time in our relationship.

Thank you.

## U.S.-Vietnam Trade Council Membership

CORPORATE MEMBERS

American International Group
American Rice
Amway Corporation
Boeing Company
Caterpillar, Inc.
Chase Manhattan Bank
Chevron Overseas Petroleum
CIGNA
Citibank
The Coca-Cola Company
Craft Corporation
Dresser Industries
Eli Lilly
Enron International
Estee Lauder International, Inc.
Exxon Corporation
Fluor Daniel, Inc.
General Electric
IBM
Johnson & Johnson
Mobil Oil Corporation
Motorola
Nike Inc.
Oracle Corporation
The Procter & Gamble Company
Raytheon
Skadden, Arps, Slate, Meagher & Flom
Texaco Inc.
Unocal
White & Case

ASSOCIATE MEMBERS

Ablondi, Foster, Sobin & Davidow, P.C.
Archeon International
Asia Joint Partners
Cardinal Consulting Inc.
DeMatteis Ireland USA, Inc.
East & West Trading Company
Finansa Thai Ltd.
Footwear Distributors and Retailers of America
The Harker Firm
JNS International
James V. Kimsey
Long Pham International, Inc.
Manolis & Co., Ltd.
M. West Consulting
Powell, Goldstein, Frazer & Murphy
Samuels International Associates, Inc.
Thomas W. Sloop
Spivey International, Inc.
Toy Manufacturers of America
VinaTech
Virginia Port Authority

## THE 1998 JACKSON-VANIK AMENDMENT RENEWAL FOR VIETNAM

### WHAT IS THE JACKSON-VANIK AMENDMENT?

It is an amendment to the U.S. Trade Act of 1974 which precludes the participation of nonmarket 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 announced his decision to issue a waiver of the Jackson-Vanik Amendment for Vietnam.

### 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 ability of U.S. companies to utilize EX-IM or OPIC 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 eighth largest investor in Vietnam, the investment and trade opportunities for U.S. companies could expand significantly with access to EX-IM and OPIC financing.

### WHAT DID VIETNAM NEED TO DO?

For Vietnam, the Administration specifically pegged satisfactory implementation of the Resettlement Opportunity for Vietnamese Returnees (ROVR) program to the waiving of the Jackson-Vanik amendment. During Secretary of State Madeleine

Albright's trip to Vietnam in June 1997, she stated: "I was very encouraged by commitments I received from the Vietnamese officials concerning the refugee resettling program. The official acknowledged that problems had occurred at the outset but promised significantly more rapid progress from here on out. If that progress materializes, I expect to be able to recommend to President Clinton that he waive the Jackson-Vanik provision soon. And as you know, this would clear the way for EX-IM Bank and a number of other programs." Once a new ROVR procedure was instituted by the Vietnamese in October 1997, implementation became very effective.

WHAT ROLE DOES CONGRESS PLAY NOW?

Under the President's authority, the waiver goes into effect immediately with an executive order published in the Federal Register. 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. 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. This year China, Vietnam and Belarus are on the Jackson-Vanik waiver list. If Congress does not act the authority is automatically renewed.

WHAT DOES THIS INITIAL WAIVER OF JACKSON-VANIK DO?

1. It allows EX-IM to begin operations with U.S. companies doing business in Vietnam.
2. It allows OPIC operations to begin. OPIC also requires the signing of a bilateral agreement specific to OPIC and a labor determination that Vietnam is taking steps to implement internationally recognized worker rights. The bilateral agreement and labor determination are completed.
3. It allows the Agency for International Development (AID) to expand operations in Vietnam.
4. It allows the Maritime Administration (MARAD) to begin project support in Vietnam.

MFN : WHAT THE JACKSON-VANIK WAIVER FOR VIETNAM DOES *not* do

The waiver does not grant Most Favored Nation Trade Status (MFN) to Vietnam as the Jackson-Vanik waiver is only one step in the MFN process. A bilateral trade agreement must first be negotiated and signed and then Congress must vote whether or not to approve the extension of MFN status to Vietnam. (While trade negotiations have begun, they are expected to continue through the rest of 1998.) This year's waiver will renew MFN status for China and Belarus, but not for Vietnam.

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*28 January 1998*

Member of Congress
United States Senate/House of Representatives
*Washington, DC*

Dear Senator/Representative:

As associations representing companies interested in Vietnam, we urge you to support a Presidential waiver of the Jackson-Vanik Amendment for Vietnam. As the attached chronology shows, bilateral relations between the two countries have improved since President Reagan first initiated the normalization process in 1987. Nevertheless, our two nations have yet to normalize commercial relations fully. The opening of the U.S. Consulate in Ho Chi Minh City and the continued support of Ambassador Peterson in Hanoi have been important steps in that direction; however, more must be done to put our companies on a par with foreign competitors in the country.

To this end, the availability of U.S. government trade and investment agencies in the country has been one of our highest priorities. The lack of such programs places our companies at a severe disadvantage with respect to foreign competitors who enjoy a high level of government support for their projects in Vietnam. With the granting of a Jackson-Vanik waiver for Vietnam, the first obstacle to opening the Export-Import Bank of the United States and the Overseas Private Investment Corporation in Vietnam will be cleared. With financing assistance from these gov-

ernment agencies, investment and trade opportunities for U.S. companies will expand significantly. Only by proactively supporting U.S. business in Vietnam can these goals be met.

We urge you to support the Administration's work to normalize commercial relations with Vietnam fully. We stand prepared to support these efforts.

Sincerely,

American Chamber of Commerce, Hanoi
American Chamber of Commerce, Ho Chi Minh City
American Chamber of Commerce, Hong Kong
American Farm Bureau Federation
Asia Pacific Council of American Chambers of Commerce
Emergency Committee for American Trade
Footwear Distributors and Retailers of America
National Association of Manufacturers
National Foreign Trade Council
Pacific Basin Economic Council, US Committee
Petroleum Equipment Suppliers Association
USA * Engage
US Chamber of Commerce
US Council for International Business
US-Vietnam Trade Council
Value Manufacturers of America Association
Vietnam Business Committee of the US–ASEAN Business Council
Vietnamese Chamber of Commerce in Orange County

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*23 June 1997*

President William Jefferson Clinton
The White House
*1600 Pennsylvania Avenue*
*Washington, DC 20500*

Dear Mr. President:

We write to urge you to give favorable consideration to establishing full economic normalization with Vietnam. Secretary of State Madeleine Albright's upcoming trip to Vietnam presents a fresh opportunity to review U.S.-Vietnam relations. As companies and associations who are interested in trade and investment in Vietnam, we applaud you for lifting the trade embargo and establishing diplomatic relations with Vietnam in your first term. With the establishment of diplomatic relations in July 1995, the beginning of negotiations for a bi-lateral trade agreement earlier this year and the arrival of Ambassador Pete Peterson, we are hopeful that 1997 will see great progress in commercial relations.

For immediate action, we urge that a U.S. consulate can be opened in Ho Chi Minh City since it is the hub of Vietnam's business activity with many U.S. companies and citizens based there. The establishment of a consulate would be of great assistance to all Americans living and traveling in the south.

We also urge you to support the opening of Export-Import Bank, Overseas Private Investment Corporation and U.S. Trade and Development Agency programs in Vietnam by late summer. The availability of export promotion programs is a critical factor in a number of major procurement decisions being made by Vietnam. The inability of U.S. companies to utilize the Export-Import Bank or OPIC places them at a serious competitive disadvantage. We therefore urge the Administration to act immediately to waive the Jackson-Vanik amendment in preparation for Ex-Im Bank and OPIC to begin support for projects in Vietnam.

The availability of export financing and the conduct of trade on the basis of reciprocal most-favored-nation treatment are crucial to the ability of U.S. companies to compete on an equal basis in this emerging market. Opportunities and market share in Vietnam will otherwise continue to be taken by our international competitors whose initial advantages will be difficult, if not impossible, to overcome. We therefore support the continuation of the trade agreement negotiations and hope they will continue in an expeditious manner, leading to meaningful market access for U.S. companies and reciprocal MFN status.

We encourage the Administration, overall, to continue the process of economic normalization which it has already begun. We stand ready to be of assistance to you.

Sincerely,

COMPANIES

Ablondi, Foster, Sobin & Davidow
AIG
Airport Group International
Allied Signal
APL Limited
AMP Incorporated
Bechtel Group Inc.
Black & Decker (U.S.), Inc.
Black & Veatch
The Boeing Company
Burrit Associates Caterpillar, Inc.
The Chase Manhattan Bank
Chevron Corporation
CIGNA Corporation
Citicorp/Citibank
The Coca-Cola Company
Conoco
Corestates Bank
Craft Corporation
DeMatteis International Group
Digital Equipment
Dresser Industries
DuPont
Eastman Kodak
Ellicott International
Enron International
Eveready Battery Company
Exxon
Fluor Corporation
Foster Wheeler Energy International
The General Electric Company
The Harker Firm
Harris Corporation
IBM Corporation
IPAC Corporation
KHM Inc.
Lockheed Martin
McDermott Incorporated/Babcock & Wilcox
Mobil Inc.
Motorola
Oracle Corporation
Ormat International
Pragmatics, Inc.
Procter & Gamble
Raytheon International Inc.
Saigon Express Corp.
Samuels International Associates
Spivey International Inc.
Tampa Bay International
Tradespan International
Unisys Corporation
United Technologies
Unocal Corporation
U.S. Trade & Investment Company
Vietnam Management Initiative
Vietnam Venture Group
Vina USA Inc.
White & Case

ASSOCIATIONS

Aerospace Industry Association
American Chamber of Commerce-Hanoi
American Chamber of Commerce-Ho Chi Minh City
Footwear Distributors and Retailers of America
National Association of Manufacturers
National Foreign Trade Council
Pacific Basin Economic Council-U.S. Committee
Petroleum Equipment Suppliers Association
U.S. Chamber of Commerce
U.S. Council for International Business
U.S.-Vietnam Trade Council
Value Manufacturers Association of America
Vietnam Business Committee of the U.S.–ASEAN Business Council

CHRONOLOGY OF NORMALIZATION OF U.S.-VIETNAM RELATIONS UNDER PRESIDENTS REAGAN, BUSH AND CLINTON

August 1987—Under the Reagan Administration, General John Vessey visits Vietnam for discussions on cooperation and to resolve the fate of American servicemen missing in action.

1988—Vietnam and the U.S. begin joint MIA programs.

April 1991—President Bush's Administration presents Hanoi with "roadmap" plan for phased normalization of ties. Both sides agree to open U.S. government office in Hanoi.

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

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

April 1992—Bush Administration eases trade embargo by allowing commercial sales to Vietnam for basic human needs and allows establishment of telecommunications links with Vietnam.

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

Jan. 27, 1994—Senate vote urging Clinton to lift embargo.

Feb. 3, 1994—Clinton lifts trade embargo.

Jan. 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—Clinton announces "normalization of relations" with Vietnam.

Aug. 6, 1995—Secretary of State Warren Christopher visits Hanoi to open U.S. Embassy.

Sept. 11, 1995—Congress votes to impose Presidential certification of Vietnam's cooperation in POW/MIA activities requirement on expansion of U.S. Embassy funding.

April 1996—U.S. Department of Commerce Foreign Commercial Service office opens.

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

May 23, 1996—Clinton Administration announces nomination of Congressman Pete Peterson, former Vietnam War veteran and prisoner of way, as U.S. Ambassador to Vietnam.

April 7, 1997—Vietnam agrees to repay debts of $146 million of the former government of South Vietnam. The Debt Accord was signed by U.S. Treasury Secretary Robert Rubin in Hanoi.

April 10, 1997—Senate confirms Congressman Pete Peterson as ambassador.

April 1997—U.S. presents Vietnam with trade agreement draft.

April 16, 1997—Vietnam agrees to sign a copyright agreement.

May 9, 1997—Peterson takes up post as ambassador in Hanoi.

May 9, 1997—Vietnam's ambassador to the United States, Le Van Bang, arrives to take up post.

June 1997—Secretary of State Albright visits Vietnam to open U.S. consulate in Ho Chi Minh City and promises a waiver of Jackson-Vanik with progress on ROVR emigration program.

June 1997—The U.S. Trade and Development Agency opens for Vietnam.

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

November 1997—Vietnam opens consulate in San Francisco, CA.

March 10, 1998—President Clinton waives the Jackson-Vanik Amendment for Vietnam paving the way for EXIM and OPIC operations.

March 19, 1998—OPIC and Ambassador Le Van Bang sign the OPIC bilateral for Vietnam in Washington.

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

June 3, 1998—President Clinton submits to Congress extension of the Jackson-Vanik waiver authority, which includes a waiver for Vietnam.

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Chairman CRANE. Thank you, Ms. Foote. Perfect timing. [Laughter]

And our next witness is Greig Craft.

## STATEMENT OF GREIG CRAFT, VICE CHAIRMAN, ASIA PACIFIC COUNCIL OF AMERICAN CHAMBERS, HANOI, VIETNAM

Mr. CRAFT. As vice chairman of APCAC, the Asia Pacific Council of American Chambers, I thank you for the opportunity to share our position with respect to Vietnam, as well as to provide first-hand observations as a result of my 9 years of residency in Hanoi.

I would like to reemphasize the points made by our colleagues that all businessmen in Vietnam share the concerns of Americans for the fullest possible accounting of MIA and also with respect to human rights.

Twenty-five years after the end of hostilities, Vietnam still conjures up an image of war, not a nation of young people and families in the minds of far too many Americans. The reality is Vietnam is eager to embrace America and a market-driven approach to business. Most Vietnamese were born after 1975 and as such have no firsthand recollection of the war. They have a difficult time understanding America's seeming unwillingness to put the war behind us. The gradual opening of this society over the past 10 years has been directly correlated to improvements in the overall relationship based on the principle of mutual benefit.

Members of APCAP represent more than 40,000 business executives and more than 6,600 companies in 18 countries including Vietnam. In our experience, our presence in these countries has helped foster openness and reform. It's our position that Vietnam with its young and well-educated population offers significant opportunities to help sustain this economic growth, provided our companies remain competitive there through access to programs such as Ex-Im, OPIC and TDA.

Vietnam has the second largest population in Southeast Asia and the opportunities for United States manufacturers are immense. Well-known brands such as Coca-Cola, Pepsi, Kodak, Proctor and Gamble and others already are market leaders in many instances. Access to television programming such as MTV, CNN, even NBC, only adds to this consumer brand awareness and provides a window to our society and a different way of life for its young people.

And Vietnam's strategic location on China's southern border makes it of pivotal political importance to the United States as well. Its dynamism is further reflected in the recent selection of younger leaders to the position of Prime Minister, President, and the Chairman of the National Assembly. All of these gentlemen are associated with reform. It's interesting to note that their National Assembly has a higher percentage of women than even our own House of Representatives.

Vietnam's desire to join the world community is evidenced by its entry into many numerous international organizations. However, as a part of its globalization initiative, Vietnam wants and needs to fully normalize relations with the United States. In our opinion, it's in our national interest to maintain a fully normalized, economic and political relationship with Vietnam. If further developed, it will provide stability and leadership in the region, something that is certainly urgently needed in this current situation.

It's interesting to note that ordinary citizens show much goodwill toward Americans living in Vietnam and there are many humanitarian programs being carried out by the people of both countries. Tens of thousands of Vietnamese-Americans who you will not hear from today, have returned to Vietnam to work and visit. Many are former boat people, or the children of boat people. They're eager and enthusiastic to contribute to Vietnam's modernization. It's important that once and for all we ease the pain and divisiveness that have troubled the national psyche of America for 25 years. It's time

to continue building the relationship with Vietnam and time to move on to a new era of peace and forgiveness. Constructive engagement by the U.S. Government toward Vietnam is a policy which we should continue. American businesses are certainly attempting to do this. This type of engagement has been greatly responsible for the gradual opening up of the country which has taken place since 1994.

For example, since 1995 our company, Craft Corporation, has led the development of Vietnam's first direct reduced iron plant. Our $300 million project will be the first American involvement in Vietnam's emerging steel industry. It will create a valuable feedstock required even by our own steel producers here in the United States. Our American consortium including partners Raytheon, Enron and Midrex will utilize U.S. technology, U.S. services and U.S. equipment in the implementation of this important infrastructure project. We were awarded the first TDA grant to Vietnam last September and have recently submitted an application to OPIC for financing of $150 million. Discussions with Ex–Im regarding additional financing and insurance are also underway.

The denial of the programs available with the Jackson-Vanik extension will force Vietnam to go to other countries for their investment, raw materials and trade. The target of the naysayers therefore will not be Vietnam, but United States companies, United States workers, indeed the United States economy. Denial of these programs becomes a form of unilateral sanctions, which in the end hurts everyone, but principally America. This should not be our policy. Denying Jackson-Vanik, we believe, is the wrong action at the wrong time. Thank you for considering our views.

[The prepared statement follows:]

**Statement of Greig Craft, Vice Chairman, Asia Pacific Council of American Chambers, Hanoi, Vietnam**

Twenty five years after the end of hostilities, Vietnam still conjures up an image of 'war'—not a nation of young people and families—in the minds of far too many Americans. A significant number of our fellow citizens still think of Vietnam as a small insignificant country "somewhere in Asia"; yet nothing could be further from the truth. Vietnam is a young and vibrant country, eager to embrace America and a market driven approach to business. My name is Greig Craft. In my capacity as Vice Chairman of APCAC (the Asia Pacific Council of American Chambers) I am honored to be here today to share with you our position with respect to Vietnam, as well as to provide to you first hand observations as a result of my 9 years of residency in Hanoi.

The members of APCAC represent more than 40,000 business men and women, and more than 6,600 companies in 18 countries. Our membership manages trade volumes in excess of $200 billion and investments of over $50 billion in the region. We serve America's national interests by fueling the growth of American jobs and exports which have contributed so significantly to America's economic success in recent years. It is our position that Vietnam, with its young and well educated population of nearly 78 million, offers significant opportunities to help sustain this economic growth, provided American companies can remain competitive there through access to essential US government programs such as EXIM, OPIC and TDA. American companies operating in Vietnam have invested $1.2 billion to date, with an additional $2 billion in advanced stages of development. This is impressive, coming after only 4 years since the President announced "normalization of relations" with Vietnam. But this could increase substantially if full normalization was in place.

In spite of the obstacles and inherent difficulties of undertaking business in a developing country like Vietnam, there has been significant and notable progress in recent years. Vietnam has the second largest population in SE Asia and the opportunities for US manufacturers are immense. Well known brands such as Coca Cola, Pepsi, Kodak, Proctor & Gamble and others are already market leaders in many in-

stances. Access to television programming such as MTV, CNN and NBC only adds to this consumer brand awareness. Its strategic location on China's southern border makes it of pivotal political importance to the United States as well. Vietnam's dynamism is further reflected in the recent selection of younger leaders to the position of Prime Minister, President, and the Chairman of the National Assembly. All are associated with reform. It is interesting to note that their National Assembly has a higher percentage of women than even our own House of Representatives.

Vietnam's desire to join the world community is evidenced by it's recent entry into ASEAN, preparations to join the WTO and the upcoming November entry into APEC. However, as a part of its globalization initiative Vietnam wants and needs to fully normalize relations with the United States. It is in the national interest of the United States to maintain a fully normalized economic and political relationship with Vietnam in our opinion. If further developed, it will not only help sustain economic growth in America, but equally important, will provide stability and leadership in the region.

Seventy percent of Vietnam's population are under the age of 25. Most, born after 1975, have no first hand knowledge or recollection of the war, and indeed, have a difficult time understanding America's seeming unwillingness to put the war behind us. We in the business community can help further this process, and consequent healing, but only if we have the ability to remain engaged in Vietnam on a day to day basis. This means we must be able to compete equally with other foreign companies who enjoy concessionary financing and support from their respective governments. Continuation of the Jackson-Vanik waiver is therefore essential to maintain continued American involvement in Vietnam, for the benefit of American enterprise.

Since 1995 our company, Craft Corporation, have led the development of Vietnam's first Direct Reduced Iron plant. Our $300 million project will be the first American involvement in Vietnam's emerging steel industry. It will create a valuable feedstock required even by our own steel producers in the US. Our American consortium, including partners Raytheon, Enron and Midrex, will utilize US technology, US services, and US equipment in the implementation of this strategically important project. We were awarded the first TDA grant to Vietnam last September and have recently submitted an application to OPIC for financing of $150 million. Advanced discussions with EXIM regarding additional financing and insurance are also underway. However, without access to these government programs there would be no alternative but to turn to foreign financial and equipment sources.

Despite our turbulent past, the United States and Vietnam have made significant progress toward normalization of relations. Ordinary citizens show much goodwill toward Americans living in Vietnam and there are many humanitarian programs being carried out by people of both countries. Tens of thousands of Vietnamese-Americans have returned to Vietnam to visit and work. Many are former boat people, or the children of boat people. They are eager and enthusiastic to contribute to Vietnam's modernization. Taking advantage of opportunities in Vietnam will help sustain, and indeed, increase, job opportunities for American workers involved in the manufacture and export of American products to Asia. And equally important, it will help once and for all to ease the pain and divisiveness that have troubled the national psyche of America for 25 years. It is time to continue building a new relationship with Vietnam, and time to move on to a new era of peace and forgiveness. Constructive engagement by the US Government towards Vietnam is a policy which should continue in the national interest.

But denial of the programs available with the Jackson-Vanik extension will force Vietnam to go to other countries for their investment, raw materials and trade. The target of the naysayers, therefore, will not be Vietnam, but US companies, workers, indeed the US economy. Denial of these programs becomes a form of unilateral sanctions which in the end hurts everyone, both Vietnamese and American. This should not be our policy.

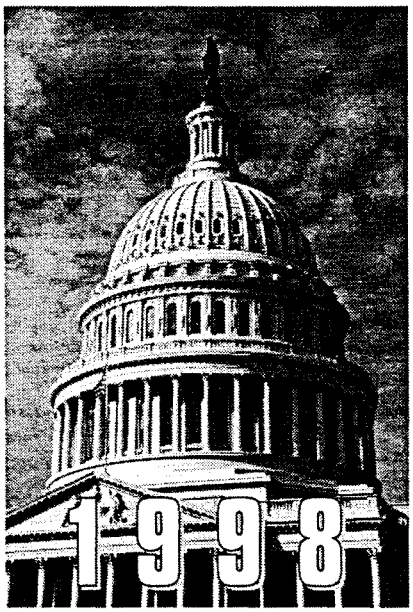
Denying Jackson-Vanik is the wrong action at the wrong time.

Thank you for considering our views.

*Greig Craft is testifying on behalf of APCAC (the Asia Pacific Council of American Chambers). He is Managing Director of Craft Corporation.*

# APCAC

## Asia-Pacific Council of American Chambers of Commerce




# Washington Doorknock

# ASIA-PACIFIC COUNCIL OF AMERICAN CHAMBERS OF COMMERCE

## VIETNAM : NEXT STEPS

### *The Issue*

Vietnam is a large emerging market for American sourced goods and services despite the regional crisis. Nevertheless, without normal bilateral trade relations, American businesses are disadvantaged vis-à-vis companies from other countries.

### *Position*

*American companies doing business in Vietnam need access to the same U.S. government resources and support services that are available in other countries. A strong American business presence in Vietnam will generate jobs for U.S. exporters and will improve opportunities for broad-based economic development and Vietnam's participation in the community of nations.*

### *Rationale*

Implementation of the following measures will assist American companies who are competing against firms from other countries, such as Japan, France and Australia, that have a significant advantages because their governments have more developed economic relations with Vietnam, including in many cases bilateral, trade, investment and tax agreements. The Vietnamese must also do its part to move these processes forward.

### *Specific Recommendations*

**EXIM and OPIC – Jackson-Vanik.** We welcome the Administration's decision to waive the Jackson-Vanik amendment and urge it to take immediate steps to allow the Export-Import Bank and the Overseas Private Investment Corporation (OPIC) to provide: (a) direct loans to Vietnamese customers for large projects involving U.S. goods and services such as infrastructure and transportation projects and equipment sales that require medium- and long-term financing; (b) guarantees for loans made by co-operating U.S. and Vietnamese commercial banks to U.S. exporters and to Vietnamese buyers of U.S. products and services; (c) credit insurance through the Foreign Credit Insurance Association (FCIA) to enable U.S. exporters to extend credit to Vietnamese buyers; and, (d) political risk insurance.

**Bilateral Trade Agreement.** We further urge the USTR and the Vietnamese government to complete negotiations on a strong and comprehensive Bilateral Trade Agreement to enhance market access for U.S. goods and services in Vietnam and to strengthen the protection of intellectual property rights. We urge Congress to "fast track" ratification of the agreement once it is signed.

**Normal Trading Status.** After a bilateral trade agreement is in place, we urge the U.S. government to extend non-discriminatory (e.g. normal trade status and most-favored-nation) treatment as well as tariff preferences pursuant to the Generalised System of Preferences (GSP) to Vietnam.

**Passenger Air Services.** We urge the U.S. and Vietnamese governments to negotiate an air services agreement between the United States and Vietnam.

**Tax and Investment Protection.** We also urge the two governments to begin work on a Treaty for the Elimination of Double Taxation and an Investment Protection Agreement.

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Chairman CRANE. Thank you.

And our final witness is Mr. Lalonde.

## STATEMENT OF BRADLEY LALONDE, VICE PRESIDENT AND CORPORATE COUNTRY OFFICER, VIETNAM CITIBANK

Mr. LALONDE. Thank you, Mr. Chairman, for the opportunity to testify today. My comments will echo those of my colleagues here and those made earlier this morning for the most part.

Citibank has been in Vietnam now since 1993 when we opened a representative office in Hanoi after the easing of the restrictions by President Bush and shortly after the lifting of the embargo in 1994, we opened a branch in Hanoi, it was our first branch and just a few months ago we reopened our Ho Chi Minh City branch being the very first American bank to do that in the country. And in that 3-year period of time we have become the largest foreign bank in the country, in a highly competitive banking industry. There are 26 foreign bank branches. There are only two American banks: Citibank and Bank of America, and we are struggling. We got off to a slow start because of the embargo but obviously we've been making up for that in a short period of time.

Citibank played a leading role in the American business community and has fully encouraged complete commercial normalization. We've also embraced the broader issues, the front-burner issues as Ambassador Peterson put it, of supporting the MIA–POW effort. We've never hesitated to emphasize to the Vietnamese authorities that this is the key to the relationship and we've always supported this because we recognize that it is the key for obvious reasons. I think the business community has played a role in progressing that and the fact that we are doing business in the country bringing technology, bringing capital support, with their continued efforts to cooperate with us and in the 4 years that I've been in Vietnam I don't have any anecdotal evidence that they're not fully cooperating.

I've also served as chairman of Amcham for several years and I've been on the board of the American Chamber in Hanoi for 4 years and I can echo the sentiments of my colleagues that Vietnam is a market of importance and great potential, and that is why we're there and many of our customers are there as well. It's true that American firms have been handicapped by inability to access government-backed financing and insurance from the Export, Ex–Im Bank and the OPIC. And as a banker who has been doing busi-

ness in Vietnam for the past 4 years, I can say that we're at a significant disadvantage to our competitors. American firms simply are not competitive in Vietnam without access to Ex–Im Bank and OPIC. Countries such as Japan, Taiwan, Korea, Singapore and France have dedicated huge amounts of government funds toward developing market share in Vietnam.

To be competitive, United States companies need to access government financing, and to get that financing they are being forced to go to third countries. As a condition of securing that financing they're also required to source their products from those countries. That means they are buying Caterpillar tractors or GE turbines. You heard mention they found a 60-year-old Caterpillar. We would like to see some newer equipment in the country and that's where Ex–Im Bank would certainly come in handy. Yes, very much so. And that means jobs that would be created here to build those products, rather than going to Tokyo and Paris, and that's really the point of the Jackson-Vanik waiver.

Since the President issued his waiver of Jackson-Vanik earlier this year, we have made significant strides toward providing United States companies with financing support in Vietnam. Both OPIC and Ex–Im have completed steps needed to begin operations, and are both open for business. In short, taking away that tool now is akin to transferring jobs to our major competitors. It would be a terrible blow to American companies and American workers, and I think it's time that somebody stands up for American workers in all of this, too. And it is part of the broader agenda that is coming to the fore.

Mr. Chairman, the hearing notice for the meeting asked witnesses to focus on the potential impact on Vietnam and the United States of a termination of Vietnam's waiver. Well, the answer is that a termination would be devastating. Despite many fits and starts, we've made great progress in our bilateral relationship in a very short period of time, and that the Vietnamese have worked diligently to address the concerns that have been raised during this process.

As Ambassador Peterson told you earlier, they're working in good faith to cooperate with us on MIA issues and many others. And I don't have any doubt in my mind about that.

They've also agreed to pay the old debts, in fact inherited from the Government of South Vietnam, as a gesture of, I would say, more than good faith. They've also agreed to, in Secretary Albright's visit, the agreement on copyright protection. And there are other examples of cooperation.

Taking away the Jackson-Vanik waiver now, you know, would put all of this progress in jeopardy. And who knows how it might also impact the MIA–POW search and human rights of religious groups, and so on and so forth.

On a final but personal note, I'd like to mention that Citibank reopened its Ho Chi Minh City branch after 23 years. And the guy who opened our branch in Ho Chi Minh City is the guy who closed our branch in Saigon in April 1975, and that he has come full circle. He's an American of Vietnamese descent, and he's back to take part in rebuilding our business in a new era. And I think that very much says what's happening today.

And we also put our sign on our building in Ho Chi Minh City, at the top of the building. And to see the look of pride in the faces of not only our staff, but in the man on the street, when they see Citibank's name, it says something. And they feel that—and I see this—that they're reassured of American business presence because it's symbolic of this new era and this change that's taking place. And that's why I feel so strongly about what we're doing is the right thing, and I would encourage you to continue with this and reject this—I forget the resolution number, but—120.

[The prepared statement follows:]

**Statement of Bradley Lalonde, Vice President and Corporate Country Officer, Vietnam Citibank**

Mr. Chairman, members of the Subcommittee on trade, my name is Bradley Lalonde, and I am Vice President and Corporate Country Officer for Citibank in Vietnam. Thank you very much for inviting me to testify today regarding U.S.-Vietnam trade relations and, specifically, the proposed resolution of disapproval regarding renewal of the President's waiver of the Jackson-Vanik amendment with regard to Vietnam.

Citibank has been operating in Vietnam since 1993 when President Bush eased trade restrictions and allowed U.S. companies to establish representative offices. Shortly after President Clinton lifted the trade embargo, Citibank applied for a branch license in Hanoi and opened a branch in January 1995. For the last three years, Citibank has provided a wide range of banking services primarily to our multinational and top tier local corporate clients. Our services range from trade and investment finance to electronic banking, foreign exchange and project finance advisory. In less than three years, Citibank has become the largest foreign bank in the country. Citibank has also played a leading role in the American business community and fully encouraged complete commercial normalization now for many years. We are convinced that our efforts to improve commercial relations has helped the Administration make progress on other goals, as well, such as the POW/MIA priority. Personally, I have served on the Board of Governors of the American Chamber of Commerce for over four years and two of those years, I served as chairman.

Vietnam holds tremendous potential as a market for U.S. products and services. With a population of 75 million people—more than half under the age of 25—and with tremendous needs in infrastructure and human development, it is a country that deserves our attention.

Although tremendous opportunities exist for firms seeking to do business in Vietnam, American companies have been handicapped when compared to their competitors from other countries as a result of several factors.

First, we got a late start. Because the United States did not have diplomatic relations with Vietnam until 1994, we started at a significant disadvantage as compared to companies from other parts of the world who had been there for years.

Second, the lack of a bilateral trade agreement and most-favored-nation status for Vietnam puts U.S. firms at a disadvantage in investing in Vietnam, moving goods in and out of the country, and leaves us without strong protections for intellectual property. Negotiations about the structure of a trade agreement are underway, and our negotiators are doing an excellent job of moving the talks forward. In fact, we expect them to return to Hanoi later this month for the next round of discussions. There is, however, still a long way to go and once the agreement is concluded, it will still need congressional approval. I urge you to move that agreement quickly once it arrives here.

Third, American firms have been handicapped by their inability to access government-backed financing and insurance from the Export-Import Bank and the Overseas Private Investment Corporation. As a banker who has been doing business in Vietnam for the past four years trying to support American exports and investment, I can tell you that is a significant disadvantage. American firms simply are not competitive in Vietnam without access to the Eximbank and OPIC. Countries such as Japan, Taiwan, Korea, Singapore and France have dedicated huge amounts of government funds toward developing market share in Vietnam. To be competitive, U.S. companies need access to government financing, and to get that financing they are being forced to go to third countries. As a condition of securing that financing, they are required to source their products in those countries. That means they aren't buying Caterpillar tractors, or GE turbines, or other products made in the United

States. And that means the jobs that would have been created here to build those products will instead go to Tokyo and Paris.

Since the President issued his waiver of Jackson-Vanik earlier this year, we have made significant strides toward providing U.S. companies with financing support in Vietnam. Both OPIC and ExIm have completed the steps needed to begin operations and both are open for business. In short, taking that tool away now is akin to transferring jobs to our major competitors. It would be a terrible blow to American companies and American workers.

Mr. Chairman, the hearing notice for this meeting asked witnesses to focus on the "potential impact on Vietnam and the United States of a termination of Vietnam's waiver." The answer to that question is that a termination would be devastating. Despite many fits and starts, we have made great progress in our bilateral relationship in the few years since President Clinton normalized relations. The Vietnamese have worked diligently to address the many concerns that we have raised during this process. As Ambassador Peterson told you earlier, they are working in good faith to cooperate with us on MIA issues. They signed the agreement to resolve the issue of debts owed by the former Government of South Vietnam. And they signed an initial agreement on copyright protection during Secretary of State Albright's visit last year. They are making a real attempt to work with us. I have seen many visitors come and go to Vietnam over the last four years and the overwhelming impression that visitors get is that not only is there a real cooperative relationship in progress to between Vietnam and the United States, but that many Vietnamese have a strong preference for American products, services and people.

Taking away the Jackson-Vanik waiver would put all of this progress in jeopardy and would undercut the efforts of those within the Vietnamese government who are pushing for more openness, more contact with the outside world and more liberalization in economic affairs. It would likely have a negative impact on their cooperation on MIA issues; and it certainly would have a negative impact on the ongoing trade talks. I would note that the first substantive progress made in the talks came in April—just after the President issued his Jackson-Vanik waiver. I believe that was an example of an expression of good faith in response to our show of good faith. I am willing to bet that a show of bad faith on our part—such as withdrawing the Jackson Vanik waiver—would result in a similar show on their part.

Such backsliding on these issues is not in Vietnam's interest and it is not in ours. Not only will it harm our economic interests, but I would also argue it would harm our national security interests, as well, in a very critical area of the world.

Mr. Chairman and members of the Committee, the decision that Congress makes on this issue will have significant and lasting impact on our bilateral relations with Vietnam. As a representative of Citibank, I can tell you that terminating the waiver will mean that U.S. companies will lose business to their competitors from other countries. As an American who has lived there for 4 years, I can tell you it will lessen the impact that the United States has in a large, strategically-located emerging country. I urge you to reject H. J. Res. 120 and allow the President's waiver of the Jackson-Vanik Amendment to stand.

One final, but personal note. As you may know, Citibank reopened its Ho Chi Minh branch in January of this year, about 23 years after we closed our Saigon branch. Our branch manager is the same person that closed the Saigon branch in April 1975. He is, however, back today as an American of Vietnamese descent, working to rebuild our business in a new era. When Citibank raised its sign to the top of one of the most modern and new business towers, I could see the smiles of pride, not just on the faces of our staff, but also on the faces of many people on the street. I get the impression that our presence in this dynamic city also gives hope and promise to many people who are assured by an American business presence and encouraged to continue to embrace market reform and greater openness. We should not miss the opportunity before us today. It is real and it is progressing. I hope you get a chance to visit this dynamic country and experience firsthand, what I have been trying to convey to you in a few words.

Thank you.

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Chairman CRANE. Well, folks, let me express appreciation to all of you for coming and testifying.

We've got two more votes coming up and so the Subcommittee will now stand in recess subject to the call of the Chair. Thank you.

[Recess.]

Chairman CRANE. Will everybody please take seats and let me call up our next panel: John Moon, commander-in-chief, Veterans of Foreign Wars of the United States; John F. Sommer, Jr., executive director of the American Legion; George Duggins, national president, Vietnam Veterans of American; and Thomas Burch, Jr., chairman, National Vietnam & Gulf War Veterans Coalition.

The first witness, John Moon's testimony will be presented by Bruce Harder, director of national security and foreign affairs.

Now, wait a second, are we missing someone? Mr. Sommer, I know, had a potential problem, but where's Mr. Burch? Oh, OK, well, no it's no big deal, I'm just curious as to whether he's going to make it. All right, well then, we will proceed.

Let's see, Mr. Harder first, and then Mr. Duggins.

**STATEMENT OF JOHN E. MOON, COMMANDER-IN-CHIEF, VETERANS OF FOREIGN WARS OF THE UNITED STATES AS PRESENTED BY BRUCE HARDER, DIRECTOR OF NATIONAL SECURITY AND FOREIGN AFFAIRS, VETERANS OF FOREIGN WARS OF THE UNITED STATES**

Mr. HARDER. OK, sir, as advertised, I am Bruce Harder. We have our oral statement and our written statement are the same, and I can get it in under 5 minutes, so I'll proceed, if that's OK.

Chairman CRANE. All right.

Mr. HARDER. The Veterans of Foreign Wars of the United States is pleased to be able to present testimony at the hearing today. As mentioned, I am standing in for commander-in-chief John Moon who can't make it today. We understand that the purpose of today's hearing is to evaluate overall United States trade relations with Vietnam, and to consider President Clinton's renewal of Vietnam's waiver under the Jackson-Vanik waiver to the Trade Act of 1974.

My testimony today is limited to present the VFW's views on the impact of the President's renewal of Vietnam's waiver on the prisoner of war and missing in action issue in Southeast Asia. The POW–MIA issue has been, and remains, a priority issue with the Veterans of Foreign Wars.

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' services organizations to visit Hanoi, Hue City, Ho Chi Minh City. Since that first visit, the Veterans of Foreign Wars has made regular annual visits back to Southeast Asia, and on each trip, our mission has been the same: It is to urge both the U.S. Government and foreign government officials, and other veterans' organizations, to diligently work toward resolving the cases of Americans still missing from the war in Southeast Asia.

The VFW sends national officers to Southeast Asia each year to 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 have been left behind, and we want to bring them home to their families and their country.

Most recently, in March 1998, three of our national officers, including myself, traveled to Southeast Asia to demonstrate our continuing commitment to the fullest possible accounting process for

missing Americans from the war. We were there to express our views and to listen to key U.S. and foreign government officials, and foreign veterans' organizations that we consulted.

Also, we went to visit the Joint Task Force for Full Accounting detachments deployed at field recovery sites in remote areas throughout the region. We were able to do this in both Laos and Vietnam. We were there to follow up on reports received and to collect facts for ourselves. We found the Americans deployed under the command and control of Joint Task Force for Full Accounting to be highly motivated, dedicated, focused on the mission, and inspiring to observe.

Our trips to Vietnam have included trips both before and after the trade embargo was lifted and diplomatic relations were established. And since the establishment of diplomatic relations, we have not seen any diminishing of United States or Vietnamese efforts to account for our missing men.

On our most recent visit to Vietnam and Laos, we saw no evidence that current U.S. Government policies on trade were resulting in any negative impact on the accounting process for missing in action. On the contrary, we believe that current United States trade policies have resulted in both gradual improvements in United States-Vietnamese relations in general, and proportional improvements in the effort to account for Americans, in particular.

A few positive examples we saw are better overall United States-Vietnamese cooperation, the establishment of the joint document center in Hanoi, the creation of a Vietnamese unilateral archival research programs which seeks to develop new information on specific loss incidents, the Vietnamese Government publicizing activities related to missing Americans. If there was no diminishing of the fullest possible accounting effort after the lifting of the embargo and the establishment of diplomatic relations, it suggests there will be no diminishing or decreasing of effort now that the Jackson-Vanik restrictions have been lifted.

Based on our observations and conversations we had with Joint Task Force for accounting personnel and other U.S. Government officials during our visit to Vietnam, we believe that current trade relations with Vietnam have helped rather than hindered the accounting process for missing Americans. Also, if we can reach our goal of the fullest possible accounting by improving or expanding United States-Vietnamese trade relations, then we ought to do so.

In conclusion, in the past, the United States has had most-favored-nation trade status with a number of Communist countries, the most notable relationship is the one we have with the People's Republic of China. The PRC was a former enemy during the Korean war, and has not yet fully cooperated on the accounting of our missing men from that conflict. Our view is that Vietnam's current cooperation effort on the POW–MIA issue should serve as a model for the kind of, and quantity—quality, rather, of support we hope to achieve from China. And, similarly, the United States-China trade relationship should be a model for our relationship with Vietnam.

Finally, our goal is to achieve the fullest possible accounting of Americans missing from the war in Southeast Asia, as well as all missing Americans from our Nation's past wars and conflicts.

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 this issue of United States-Vietnam trade relations, and I'll be happy to answer any questions you might have.

[The prepared statement follows:]

**Statement of John E. Moon, Commander-in-Chief, 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 present testimony at this hearing today. I am John E. Moon, Commander-in-Chief of the Veterans of Foreign Wars of the United States.

We understand that the purpose of today's hearing is to evaluate overall 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.

My testimony today is limited to presenting the VFW's views on the impact of the President's renewal of Vietnam's waiver under the Jackson-Vanik Amendment to the Trade Act of 1974 on the Prisoner of War (POW) and Missing in Action (MIA) issue in Southeast Asia. The POW/MIA issue has been, and remains a priority issue with the Veterans of Foreign Wars.

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. On each trip, our mission has been the same. It is to urge both U.S. Government and foreign government officials and other veterans' 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. We want to bring them home to their families and their country.

Most recently, in March 1998, three of 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 went there to express our views and listen to key U.S. and foreign government officials and foreign veterans' organizations. Also, we went to visit Joint Task Force-Full Accounting Detachments deployed at field recovery sites in remote areas throughout the region, follow up on reports received and collect facts for ourselves. We found the Americans deployed under the command and control of Joint Task Force-Full Accounting to be highly motivated, dedicated, focused on the mission and inspiring to observe.

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, we have not seen any diminution of U.S. or Vietnamese efforts to account for our missing men. On our most recent visit to Vietnam and Laos, we saw no evidence that current U.S. government policies on trade were resulting in any negative impact on the MIA accounting process.

On the contrary, we believe that current U.S. trade policies have resulted in both gradual improvements in U.S.-Vietnamese relations in general and proportional improvements in the effort to account for missing Americans in particular. A few positive examples are: better overall U.S.-Vietnamese cooperation; the establishment of a Joint Document Center in Hanoi; creation of a Vietnamese unilateral archival research program which seeks to develop new information on specific loss incidents; cooperation on Trilateral Recovery Operations with the U.S. and Laos: and, the Vietnamese government publicizing activities related to missing Americans.

If there was no diminution of the "fullest possible accounting" effort after the lifting of the embargo and establishment of diplomatic relations, it strongly suggests there will be no diminution of effort now that the Jackson-Vanik restrictions have been lifted. Based upon our observations and conversations we had with JTF-Full Accounting personnel and other U.S. government officials during our visit to Vietnam, we believe that current trade relations with Vietnam have helped rather than hinder the accounting process for missing Americans. Also, if we can reach our goal of the "fullest possible accounting" by improving or expanding U.S.-Vietnamese trade relations, then we ought to do so.

In conclusion, history reveals that the United States has maintained "most favored nation" trade status with a number of communist countries. The most notable of these trade relationships is with the People's Republic of China (PRC). The PRC was a former enemy during the Korean War and has not yet fully cooperated on the accounting of our missing men from that conflict. Our view is that Vietnam's current cooperation and effort on the POW/MIA issue should serve as a model for the kind and quality of support we hope to achieve from China. Similarly, the U.S.-China trade relationship should be a model for our relationship with Vietnam.

Finally, our 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.

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. I will be happy to answer any questions you may have.

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Chairman CRANE. Thank you, Mr. Harder.

Mr. Duggins.

**STATEMENT OF GEORGE C. DUGGINS, NATIONAL PRESIDENT, VIETNAM VETERANS OF AMERICA**

Mr. DUGGINS. Thank you very much, Mr. Chairman. I ask the Subcommittee to bear with me, I just returned from New Zealand and the change in climate has given me a horrific head cold, so I'm going to give it my best shot.

Chairman CRANE. You mean this chilly weather has given you a cold? [Laughter.]

Mr. DUGGINS. This chilly weather. Mr. Chairman and Members of the Subcommittee, Vietnam Veterans of America appreciate the opportunity to present our views on trade relations between the United States and Vietnam. VVA is adamantly opposed to the future normalization of trade relations with Vietnam at this time, and we urge Congress to disapprove the President's Jackson-Vanik waiver determination.

VVA is the only Congress-chartered national Vietnam veterans' organization exclusively dedicated to Vietnam-era veterans and their families and supporters. As you can expect, the issue of United States-Vietnam trade relations is one of the great, serious concerns of our members.

VVA recognizes that the Jackson-Vanik amendment also deals with human rights and freedom of immigration issues. While these are very important matters to Congress to consider, these are issues outside of the purview of our organizational mandate. VVA strongly feels that the Jackson-Vanik is a tool available to the U.S. Government in seeking cooperation from the Vietnamese on the POW–MIA issue.

VVA views on United States-Vietnamese trade relations is not an attempt to punish our former combatants. Let me say that again: VVA's views on United States-Vietnamese trade relations is not an attempt to punish our former combatants. Rather, we believe this is the best way to maintain the strategic U.S. negotiating position on POW–MIA information.

VVA demonstrates our commitment to the full resolution of American POW–MIA cases, as well as to hear mandatory assistance through our veterans' initiative project. This program is de-

signed to compliment existing government-to-government effort with direct veteran-to-veteran exchange of information. My written statement details the measurable results which we have seen from this project.

VVA believes very firmly that the number of United States decisions in recent years relating to the normalization of relations with Vietnam are premature and that we disagree with the President's determination to waive the Jackson-Vanik amendment for Vietnam which will open the door to future trade enhancements.

The President's waiver of Jackson-Vanik relating to Vietnam came 1 day after his March 4 declaration that Vietnam is fully cooperating in good faith with the United States POW–MIA accounting efforts. President Clinton's assessment of United States-Vietnam cooperation and its subsequent March 10 waiver of Jackson-Vanik was premature without considering the results of the Special National Intelligence Estimate.

The SNIE published within DOD on May 22 in classified form is supposed to measure whether Vietnam is meeting United States intelligence expectations on the disclosure of information of POWs or MIAs, or repatriation of remains from the Vietnam war.

VVA firmly believes that the SNIE must be declassified and fully assessed before the United States make trade policy decisions based upon the Vietnamese cooperation. To proceed with the Jackson-Vanik waiver without all available intelligence information contained in this SNIE does not serve the best interest of the commission and their families.

Attached to my written statement is a copy of VVA's most recent convention resolution on this topic. I draw your attention to this resolution. It categorically set forth the current VVA's position on the issue of Vietnam war POW–MIAs in Southeast Asia. VVA has constantly stated over the past decade that without fullest possible accounting, the Vietnam war, America's longest, is not over.

We acknowledge that the Vietnamese—we acknowledge that Vietnam has made some serious efforts to assist our government in achieving the fullest possible accounting for our missing, and we're proud of the contribution our organization has made to this effort through the Veterans' Initiative. Nevertheless, we must earnestly believe that the Vietnamese Government can and must do more.

We have endorsed H.R. resolution 120 and S.J. resolution 47, and we strongly urge the Subcommittee and the entire Congress to pass this legislation in order to nullify the President's waiver of Jackson-Vanik for Vietnam. VVA believes that the continuation of the Jackson-Vanik waiver at this time, without thorough analysis of the recently completed SNIE, demonstrates that the administration has lost sight of the—prioritization of the fullest possible accounting has been abandoned. This commitment to veterans and the POW family.

We depend then upon Congress to review our Nation's focus on this issue—to renew our Nation's focus on this issue.

This concludes VVA's statement. I would be happy to provide any additional information the Subcommittee may desire. Thank you very much.

[The prepared statement follows:]

**Statement of George C. Duggins, National President, Vietnam Veterans of America**

INTRODUCTION

Mr. Chairman and members of the Committee, Vietnam Veterans of America appreciates the opportunity to present its views on the current status of trade relations between the United States and the Socialist Republic of Vietnam. As the Congress considers the President's waiver of the Jackson-Vanik amendment to the Trade Act of 1974 with relation to Vietnam, it is very important that our nation's long-standing commitment to achieving the fullest possible accounting of American POW/MIAs from the Vietnam War be maintained.

Vietnam Veterans of America (VVA) is the only Congressionally chartered national Vietnam veterans organization exclusively dedicated to Vietnam-era veterans and their families and supporters. As you would expect, the issue of U.S.-Vietnam trade relations is one of great seriousness and concern to VVA. VVA is adamantly opposed to the further normalization of trade relations with Vietnam at this time and we urge Congress to disapprove the President's waiver determination. Our members have expressed the strong belief that additional steps toward normalization are premature until the Vietnamese government demonstrates improved unilateral efforts to assist the U.S. with accounting of POW/MIAs.

VVA also recognizes that Jackson-Vanik deals with human rights and freedom of emigration issues. While these are very important matters for the Congress to consider, these are issues outside of the purview of our organizational mandates. Therefore, I will limit my remarks exclusively to Jackson-Vanik and POW/MIA accounting. VVA strongly feels that this measure of the 1974 Trade Act is a tool available to the U.S. government in seeking cooperation from the Vietnamese on the POW/MIA issue. It is for that reason that we are presenting this statement for your consideration.

THE FULLEST POSSIBLE ACCOUNTING

VVA has consistently taken the strongest stands on demanding that the President of the United States continue to press the Vietnamese government, as a matter of highest priority, for the fullest possible accounting of POW/MIAs lost in the Vietnam War, utilizing both joint and unilateral activities. Specifically, we have called for the highest priority of effort to be focused on the accounting for:

1. Any American POW/MIAs who may still be alive in Southeast Asia and held against their will; and
2. Those last known alive or known to have died in captivity.

Needless to say, VVA also believes that the accounting for and return of the remains of American soldiers believed to have been killed in action without their bodies being recovered must also be treated as a priority matter and aggressively pursued.

Accordingly, in recent years VVA strongly opposed a number of decisions it thought were premature relating to the normalization of relations with Vietnam, including lifting the trade embargo, opening an embassy in that country and appointment of a U.S. ambassador. Most recently, VVA's National Convention in Kansas City, Missouri adopted Resolution PM–11–97 [a copy of which is attached for the Committee's review and information]. National Convention resolutions mandate VVA's policy and positions on a wide range of issues. This resolution categorically sets forth the current VVA position on the issue of Vietnam War POW/MIAs in Southeast Asia and concludes with the words: "With respect to OPIC, MFN status, and other steps toward normalization of relations with Vietnam, VVA most strongly urges the President to defer decisions until the Vietnamese Government has demonstrated measurably increased unilateral efforts that yield concrete results in terms of accounting for American POW/MIAs. Moreover, VVA urges the President to hold to his commitment to the major veterans service organizations and the National League of Families of American Prisoners and Missing in Southeast Asia to seek their input to considering such decisions."

VVA has consistently stated for the past decade that without the fullest possible accounting, the Vietnam War, America's longest, is not over. We acknowledge that Vietnam has made some serious efforts to assist our government in achieving the fullest possible accounting for our Southeast Asia POW/MIAs. Nonetheless, we still earnestly believe that the Vietnamese government can, and must, do more.

VVA has already endorsed H.R. 3159, sponsored by Rep. Edward Royce, which would provide that the President may not waive the provisions of title IV of the Trade Act of 1974 with respect to the Socialist Republic of Vietnam. And today, we declare our strong support and endorsement for H.J. Res. 120 and S.J. Res 47. VVA

is adamant that President Clinton's March 10th waiver of the Jackson-Vanik Amendment of the Trade Reform Act of 1974 was premature, as was his June 3rd decision to extend the waiver. Passage of this legislation is necessary to nullify this action.

The President's waiver of Jackson-Vanik relating to Vietnam came only days after his March 4th declaration that Vietnam is "fully cooperating in good faith" with U.S. efforts to account for missing American soldiers from the Vietnam War. The 1974 Trade Act bars the U.S. government from giving trade and investment funding to non-market economy nations unless the President certifies compliance with human rights and free emigrations. With the Socialist Republic of Vietnam, the amendment also contains very specific requirements of cooperation toward the accounting of U.S. personnel missing from the Vietnam War. Waiver of Jackson-Vanik removes the major obstacles to full economic and trade relations with Vietnam.

President Clinton's assessment of Vietnam's cooperation, and the March 10th waiver of Jackson-Vanik was premature without the result of the Special National Intelligence Estimate (SNIE). The SNIE, published within DOD on May 22nd in classified form, is supposed to measure whether Vietnam is meeting U.S. intelligence expectations on the disclosure of information, or remains associated with captured and missing American servicemen from the Vietnam War. VVA firmly believes that the SNIE must be declassified and fully assessed before the United States makes trade policy decisions based upon Vietnamese cooperation. To proceed with the Jackson-Vanik waiver without all available intelligence information contained in the SNIE does not serve the best interest of the missing and their families.

VVA believes that the President's action to continue the Jackson-Vanik waiver at this time without thorough analysis of the recently completed SNIE demonstrates that the Administration has lost sight of the prioritization of the fullest possible accounting and has abandoned this commitment to the veterans service organizations and POW/MIA families. We must depend upon Congress, then, to ensure that progress on American POW/MIA accounting is measured appropriately based upon the following criteria:

- Concrete results from efforts on Vietnam's part to recover and repatriate American remains;
- Continued resolution of remaining discrepancy cases, live sightings and field activities;
- Further assistance in implementing trilateral investigation with Laos; and
- Accelerated efforts to provide all POW/MIA related documents that will help lead to genuine answers.

## THE VVA VETERANS INITIATIVE

To demonstrate that VVA is serious in its efforts to seek the fullest possible accounting, allow me to convey to this Subcommittee some information about another VVA endeavor which is innovative and realistic. VVA's Veterans Initiative promotes a direct veteran-to-veteran exchange of information on unaccounted-for American servicemen and Vietnamese war casualties. This program is designed to complement existing government-to-government efforts, and has produced measurable results toward the achievement of the fullest possible accounting on both sides.

The Veterans Initiative is a humanitarian effort which demonstrates VVA members' commitment not only to fostering resolution of American POW/MIA cases, but also attempts to help Vietnamese families achieve closure for their missing loved ones. We presently have a delegation in Vietnam and they have been told by the Vietnamese Ministry of Defense that VVA has helped to locate remains to account for 811 Vietnamese war casualties. According to Vietnamese government officials, we have provided them with information on approximately 8,000 of their missing. This program demonstrates that VVA's view on U.S.-Vietnamese trade relations is not an attempt to punish our former combatants, but rather is our belief about the best way to maintain the strategic U.S. negotiating position.

In turn, the Veterans Initiative, working through our counterpart organization the Vietnamese Veterans Association, has been able to obtain information on previously unknown crash sites, grave sites, the recovery of remains, and has been invaluable in assisting the U.S. Oral History Program in obtaining information which otherwise would be lost. Ambassador Pete Peterson has said of the VVA Veterans Initiative, "I believe that private individuals may hold the keys to answering the questions as to the fates of missing Americans. Any program that helps bring a fuller accounting of our missing servicemen is worthy." VVA is proud of our work to resolve the cases of the remaining American POW/MIAs.

NO FURTHER NORMALIZATION STEPS AT THIS TIME

We must also emphatically underscore that VVA remains adamantly opposed to the approval of any additional steps toward the normalization of relations with Vietnam because of the lack of the fullest possible accounting for our POW/MIAs to date.

Specifically, we will not support, directly or indirectly, any efforts or decisions at this time that would extend to Vietnam either Overseas Private Investment Corporation (OPIC) eligibility or Most Favored Nation (MFN) status.

The United States and Ambassador Pete Peterson must have significant leverage in evaluating whether or not Vietnam is fully cooperating with our government's POW/MIA efforts and whether/when the fullest possible accounting has, in fact, taken place.

CONCLUSION

Vietnam Veterans of America remains strongly opposed to the President's waiver of the Jackson-Vanik amendment for Vietnam and any further trade normalization steps. Our government must not breach faith with those POW/MIAs or their families. VVA has led the fight for the fullest possible accounting for twenty years. We shall continue to do so. We take great pride in our POW/MIA record and our more recent accomplishments through the VVA Veterans Initiative.

VVA urges this Subcommittee and the full House Committee on Ways and Means to pass H.J. Res. 120 without delay, and present the legislation to the full House for consideration. We strongly recommend that Congress demand declassification of the SNIE and assess this document fully prior to approving further advancements in U.S.-Vietnam trade. It is important that Congress not allow our nation's POW/MIAs and their families to be forsaken in the Administration's urgency to expand U.S.-Vietnamese trade.

Vietnam Veterans of America would be happy to provide any additional information the Committee may desire. This concludes our statement.

## FULLEST POSSIBLE ACCOUNTING OF POW/MIAS IN VIETNAM (PM–10–97)

ISSUE:

Vietnam Veterans of America, Inc., has a long-established position opposing further normalization of diplomatic and economic relations between the United States and Vietnam until the fullest possible accounting of POW/MIAs lost in the Vietnam War has been achieved.

BACKGROUND:

At every opportunity, VVA has urged the United States government to continue to press the Vietnamese government to increase its unilateral efforts and to demonstrate greater cooperation by facilitating follow-up of live sighting reports, expanding its participation in joint remains recovery efforts, opening its wartime archives, and helping to locate Vietnamese citizens and soldiers who witnessed incidents of loss.

Since the establishment of the Joint Task Force Full Accounting (JTF–FA) in early 1992, U.S. officials directly involved with the accounting process have claimed that the Vietnamese government has recently demonstrated increased cooperation in resolving the fate of American POW/MIAs and that American field investigators have been able to follow up live sighting reports with very little prior clearance by local Vietnamese officials, and that the number of joint remains recovery teams operating throughout Vietnam has increased.

Despite U.S. government claims, American specialists have been given only limited access to Vietnamese national and local wartime archives and to witnesses of incidents of loss. Vietnam has provided alleged witnesses for trilateral investigations with American and Lao teams in those areas of Laos controlled during the war by Vietnamese armed forces; however, Vietnam has not yet provided relevant documents to help resolve such cases.

U.S. government officials attribute Vietnam's increased cooperation for joint activities to the lifting of the trade embargo in February 1994 and the agreement to open embassies in Washington and Hanoi. Even these U.S. government officials, however, have reported that the Vietnamese government has not been fully candid

about information it is believed to have on MIAs last known to be alive and those who died in captivity, as well as other discrepancy cases.

On July 11, 1997, despite the opposition of VVA and other veterans and family organizations, President Clinton announced the establishment of diplomatic relations with Vietnam. On May 9, 1997, this decision resulted in the opening of an American embassy in Hanoi and Vietnam's embassy in Washington, D.C. There are, however, further steps in the "normalization" process that have not yet been taken, such as extending Overseas Private Investment Corporation (OPIC) insurance, which safeguards private investments in foreign countries, and Most Favored Nation (MFN) status, which greatly reduces tariffs on goods imported from MFN countries.

This resolution amends Resolution PM–11–95.

RESOLVE THAT:

Vietnam Veterans of America, Inc., at National Convention in Kansas City, Missouri, August 5–10, 1997, strongly urges that:

1. The President of the United States continue, as a matter of highest priority, to press the Vietnamese Government for the fullest possible accounting of POW/MIAs lost in the Vietnam War through both joint and unilateral activities.

2. Priority of effort be placed on accounting for a) any American POW/MIAs who may still be alive in Southeast Asia, and b) those last known alive or known to have died in captivity.

3. Urges the President to measure progress on fullest possible accounting by the four criteria established in 1994 by the Clinton administration;

a) Concrete results from efforts on Vietnam's part to recover and repatriate American remains;

b) Continued resolution of remaining discrepancy cases, live sightings, and field activities;

c) Further assistance in implementing trilateral investigation with Laos; and

d) Accelerated efforts to provide all POW/MIA related documents that will help lead to genuine answers.

VVA endorses the definition of "fullest possible accounting" that has been accepted by the major veterans service organizations and the National League of Families of American Prisoners and Missing in Southeast Asia: namely, the repatriation of a live American POW/MIA, the return of his remains, or compelling evidence why neither of these is possible. VVA affirms that the impact of our position on this issue is strengthened when we are able to work cooperatively with these other organizations.

With respect to OPIC, MFN status, and other steps toward normalization of relations with Vietnam, VVA most strongly urges the President to defer decisions until the Vietnamese Government has demonstrated measurably increased unilateral efforts that yield concrete results in terms of accounting for American POW/MIAs. Moreover, VVA urges the President to hold to his commitment to the major veterans service organizations and the National League of Families of American Prisoners and Missing in Southeast Asia to seek their input prior to considering such decisions.

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Chairman CRANE. Thank you, Mr. Duggins.

Mr. Burch.

## STATEMENT OF J. THOMAS BURCH, JR., CHAIRMAN, NATIONAL VIETNAM & GULF WAR VETERANS COALITION

Mr. BURCH. Mr. Chairman, I'm Tom Burch, chairman of the National Vietnam & Gulf War Veterans Coalition. This is the first time we've had an opportunity to appear before the House Ways and Means Committee, and we are grateful that you give us this opportunity to put our views forward on this very important issue of the waiver of the Jackson-Vanik amendment. We want the House of Representatives to overturn the President's waiver and we—our 95 member groups with our combined membership of 350,000 join in that request with Vietnam Veterans of America.

We also, in our organization, maintain very close ties to the Vietnamese exile organizations. We organized for advocacy on 10 issues of particular concern to veterans of these two wars. One of these issues is full accountability for prisoners of war and missing in action.

Given the sorry record of the Socialist Republic of Vietnam on POW–MIA accountability, any issue should be raised, any road should be explored, that can used to pressure or leverage Vietnam. The Jackson-Vanik amendment is such a mechanism.

It is a self-evident proposition that Vietnam is not a country which permits free emigration. There are significant roadblocks placed in the way of those desiring to leave the country for reasons of conscience or to pursue better opportunities, which has produced the unrivaled phenomenon of the boat people.

Even the Orderly Departure Program, the most recent resettlement opportunity for Vietnamese returnees, had been tainted by significant corruption. We understand from our Vietnamese sources that bagmen acting on behalf of the Communist regime have traveled the world to conduct shakedowns of these emigres whose in-country relatives desire to be placed on the waiting list for legal emigration.

As the boat people have stated in a recent letter, Vietnam's recent changes in the resettlement opportunity for Vietnamese returnees program only delays the requirement for exit permission. There's also mounting evidence that local authorities have invented many different ways other than the denial of exit permission to block access to the resettlement opportunity program. Since 1995, more political dissidents and religious leaders have been imprisoned. Freedom of the press has been much more severely curtailed than before.

More recent events bear these contentions out. In the last 3 months leading up to the President's waiver, 14,000 individuals were cleared under the resettlement opportunity program. In the subsequent 3 months, a mere 150 have been cleared.

The lesson is clear. There's no basis for concluding that Vietnam is complying with the Jackson-Vanik amendment. Any waiver thereof would have to be based on some extraneous benefit. But what is that benefit?

The waiver will enable corporations desiring to do business in Vietnam access to credits and guarantees principally funded throughout the Overseas Private Investment Corp. and the Export-Import Bank. This access can only hurt the American taxpayer. The combination of red tape and corruption in the Socialist Republic of Vietnam has rendered foreign investment ineffective.

Chrysler is the most conspicuous recent example of the failure of the investment policy. After making an investment of over $60 million, they had to withdraw because of failed opportunities with the Vietnamese.

Last, a resolution of the POW–MIA accounting issues for so many of our veteran constituencies is long overdue. Since we anticipate that other witnesses have addressed Hanoi's history of noncompliance in meticulous detail, we will confine ourselves to this point: As the perception of business opportunities mounted over the

last decade, there's been a campaign to deny the reality of living prisoners of war still in captivity.

Remember particularly when President Clinton lifted the embargo that one of the particular documents that we felt would come out of that is something called the "blue file." This is known to be out there. It's been testified to many times before. This was a promise that we have received because it was very sensitive after lifting the embargo, and we have never received it. Because of the sensitivity admitting these occurrences, the files could not be produced at the time, but they still haven't been produced.

I'd like to take a couple more minutes of my remaining time to comment on a couple things Ambassador Peterson said, and we all recognize him to be a great gentleman and patriot, but I take exception to one thing he said. He said that they had been getting pretty good access in Vietnam.

I met with Ambassador Peterson before he went over there and I gave him three live-sightings reports of a specific military prison, underground, 85 miles northwest of Hanoi. And said: "you know, sir, the only thing I'm asking you to do is to visit that prison complex. Just do that one," and, because we thought that was the best location we could ascertain. After all, we used to deal with intelligence, I'm a former Green Beret. We know what we're talking about. Check that site.

I asked him before he testified today, had he been to that site. He said, no, they won't let me in there. They'll let me into the other sites. I said, sir, that's the one we want you to go to. And until they do that, we want to make sure that there are no living Americans.

Last, about the reform government. The reform government's not in power. That's Do Moi's government in power. The reform people tell us that they can't resolve the live POW issue because every time they start getting some leverage on the Communist regime, which has to get results, our government eases up on the trade, gives them the money, gives them diplomatic recognition, and it makes their government successful in the face-saving category.

The reformers feel that if we would hold the line, it would give them a stronger hand to get free trade and get these credits because they could deliver that, and with that they will deliver the live POWs that they tell us are still being held in captivity. That we need this as a point of leverage, I agree with my colleague from Vietnam Veterans of America. We're not angry because of the war, but we want the live people that we believe to be over there, some in Vietnam, some in Laos, returned to us.

Thank you for the opportunity to express our views, Mr. Chairman. There is no merit to the contention that the Jackson-Vanik provision should be waived. We believe that H.R. 3159 is the correct approach. We strongly urge it's passage. Thank you, Mr. Chairman.

[The prepared statement follows:]

**Statement of J. Thomas Burch, Jr., Chairman, National Vietnam & Gulf War Veterans Coalition**

Mr. Chairman, we thank you for the opportunity to appear before this Subcommittee, the first time we have appeared before this Committee in our 15-year history.

The National Vietnam & Gulf War Veterans Coalition is a federation of 95 Vietnam and Gulf War veterans organizations and issue groups, with an estimated com-

bined underlying membership of 350,000. We also maintain close ties to Vietnamese exile organizations. We are organized for advocacy on ten issues of particular concern to veterans of these two wars. One of these issues is full accountability for prisoners of war and missing in action.

Given the sorry record of the Socialist Republic of Vietnam on POW–MIA accountability, any issue should be raised, any road should be explored, that can be used to pressure or leverage Vietnam. The Jackson-Vanik Act is such a mechanism.

It is a self-evident proposition that Vietnam is not a country which is permitting free emigration. There are significant roadblocks placed in the way of those desiring to leave the country for reasons of conscience or to pursue better opportunities, which has given rise to the unrivaled phenomenon of the boat people. Even the Orderly Departure Program and the more recent Resettlement Opportunity for Vietnamese Returnees have been tainted by significant corruption; we understand from our Vietnamese sources that bagmen acting on behalf of the Communist regime have traveled the world to conduct shakedowns of those emigres whose in-country relatives desire to be placed on the waiting lists for legal emigration. Dr. Nguyen Dinh Thang, of Boat People S.O.S., circulated a letter on January which points out:

> "Vietnam's recent changes in the Resettlement Opportunity for Vietnamese Returnees (ROVR) only delays the requirement for exit permission.... There is also mounting evidence that local authorities have invented many different ways other than the denial of exit permission to block access to RVOR....
>
> "... [M]any eligible applicants under the general Orderly Departure Program (ODP) are also facing problems with exit permission. They include former political prisoners, former U.S. employees, religious leaders, dissidents, immediate relatives of U.S. citizens, etc....
>
> "... [Since] 1995 [, m]ore political dissidents and religious leaders have been imprisoned. Freedom of the press has been much more severely curtailed than before."

More recent events bear these contentions out. In the three months leading up to the President's waiver, 14,000 individuals were cleared under ROVR. In the subsequent three months, a mere 150 have been cleared.

The lesson is clear. There is no basis for concluding that Vietnam is complying with the Jackson-Vanik Act. Any waiver thereof would have to be based on some extraneous benefit. But what is that benefit?

The waiver will enable corporations desiring to do business in Vietnam access to credits and guarantees principally funded through the Overseas Private Investment Corporation and the Export-Import Bank. This access can only hurt the American taxpayer. The combination of red tape and corruption in the Socialist Republic of Vietnam has rendered foreign investment ineffective. CitiBank and Chrysler are the most conspicuous examples of American companies that have already ceased to do business in Vietnam. Nor have these failures been confined to American companies; the most spectacular failure was that of a French company named TOTAL, which abandoned a $60 million investment in an oil refinery, rather than relocate it to a port which could not accommodate oil tankers but could supply jobs to relatives of the cadres ordering the switch. Mr. Chairman, the American people should not be paying through their taxes for future failures of these types, when corporate business interests, always eager for the next deal and protected by a safety net which ignores the discipline of the market, positions themselves in an economic Dienbienphu.

Lastly, a resolution of the POW–MIA accounting issue that troubles so many of our veteran constituency is long overdue. Since we anticipate that other witnesses will address Hanoi's history of non-compliance in meticulous detail (as they were also addressed in yesterday's hearing before the House Committee on International Relations), we will confine ourselves to one point. As the perception of business opportunities has mounted over the past decade, there has been a campaign to deny the reality of living prisoners of war still in captivity. One of the centerpieces of this campaign was the publication of Malcolm McConnell's *Inside Hanoi's Secret Archives*, a credible, but flawed, book on the issue. The author was apparently utilized as a conduit for a story line that all 'discrepancy case' MIAs who had not died from combat-related causes had been executed and that the proof of this explanation was contained in so-called 'blue files,' which were maintained on each POW–MIA about whom the Vietnamese authorities have knowledge. Because of the sensitivity of admitting to these occurrences, the files could not be produced until diplomatic recognition had been accorded, so the story line went. We have now had diplomatic recognition for more than a year. Where are the blue files?

Mr. Chairman, there is no merit to the contention that the Jackson-Vanik Act provisions should be waived. H.R. 3159 is the correct approach. We strongly urge its passage. Thank you.

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Mr. BURCH. One last thing, Mr. Chairman, one of our groups, the Rolling Thunder, didn't have an opportunity to testify, and they wanted to have the statement added to the record.

Chairman CRANE. Without objection, so ordered.

Mr. DUGGINS. The statement of Mr. Richard Will.

[The prepared statement follows:]

RICHARD F. WILL, SR.
WESTMINSTER, MD 21157
*June 18, 1997*

To: Honorable Philip Crane and Members of the Committee

Ladies and Gentlemen,

My Name is Richard F. Will Sr. and I am a Vietnam Veteran, having served in Pleiku, South Vietnam from July of 1964 to July of 1965. I am grateful for the chance, today, to address this Committee, regarding the Presidents recent waiver of the Jackson/Vanik Amendment. And, I wish to thank you for that opportunity!

I am a member of the following VSO's, though I am not formally here, representing either: Life Member of VFW, Member of the American Legion, Member of the Vietnam Veterans of America, Member of Veterans of the Vietnam War, Member of In Country Vietnam Veterans, Member of ALVETS, and a Member of National Vietnam Veterans/Gulf War Coalition. I am also a Member of the Co-Montagnard Association, the Maryland Vietnam Veterans Last Patrol, and the Alliance of Families.

However, as I go around the country, I have gathered a feel of how a great many members of all of those above-mentioned organizations feel, toward the Presidents Waiver. *They are opposed to it!* And, so am I!

Allow me to explain why!

The Socialist Republic of Vietnam, has not even begun to warrant such action by our Government. Hanoi has not moved positively in addressing the question of 'Humane Rights' let alone an honest full accounting of our 'Missing In Action' nor possible 'Live American POW's.'

Since 1993, I have returned to Southeast Asia three times. On those trips I have met with and seen first hand, the oppressive actions of the Hanoi Government. Our Montagnard Brothers and Sisters have been isolated and refused the right to emigrate to this country. Contrary to what might be portrayed by our State department.

In March I listened as Ms. Julia Taft (A Representative of the State Department) gave testimony to a similar Senate Select Committee, regarding the 'Waiver' and ODP progress. At that time, I believe, she was asked if there were any other ethnic groups (Tribal) in neighboring Laos or Cambodia, that were experiencing the same emigration difficulties. Her response was that she had no knowledge of any. Did she not know of the Hmong Tribe People, the Lao Tung, the Nung?

I give this example, because it proves that the State Department Experts *are not 'Experts'!* But, they will do their jobs. *And that job, is to promote the Administrations premise* that the Communist Vietnamese are doing all they can, to change..... A False-Hood!

The Montagnards, to use an example, were our staunchest allies. Their love for the Americans' was such, that they would lay down their lives, to protect us. Even after the war, they continued the 'Fight' for freedom and democracy. As such, in the eyes of Hanoi, they are to be continually punished.

However, there are many more religious and ethnic peoples being treated the same, by the Hanoi Government. The Buddhists are being imprisoned and killed, for their beliefs. The Catholics, some of which have been relocated to lands saturated by Agent Orange, are under the same type of oppression. To ignore these blatant Humane Rights Violations, would be sinful.

In closing, I am opposed to such a 'Waiver,' as it relates to Hanoi's co-operation on the POW/MIA Issue. *There has been no real co-operation!* The Administrations rhetoric, would imply that there is. If you judge the statements by action, logic would say, there has not been.

As most of you should be aware, during Operation Homecoming and after the War, our Government knew (By our own list and that of Hanoi) that there were over 150 PW's that were not released. By DPMO's own admission, in the summer of 1997 at a WA BOD Meeting, possibly one set of remains (from that category) has been returned. Once again, 'Logic' would tell us, there's not much co-operation there!

The simple fact is, Vietnam is run by an oppressive communist style of leadership. They will lie and say anything to accomplish their goals. *Tis the nature of the beast!* It is up to us (The United States), as a Nation and a 'Leader in Freedoms Fight', to judge words by action.

Likewise, this Committee and our Congressional Representatives, will be judged by the action taken on either supporting or denying the Jackson/Vanik Amendment Waiver. You have a choice between abandoning 'Freedoms Fight' or *making a stand for Freedom, Human Rights, and Humane Dignity*.

The Choice is yours!

Thanking you for your time, I am....

Gratefully Yours,

RICHARD F. WILL, SR.

RFW: rfw
cc: File

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Chairman CRANE. Very good.

And, finally, Mr. Sommer.

**STATEMENT OF JOHN F. SOMMER, JR., EXECUTIVE DIRECTOR, AMERICAN LEGION**

Mr. SOMMER. Thank you, Mr. Chairman.

Chairman CRANE. Perfect timing.

Mr. SOMMER. On behalf of the American Legion, we want to thank you for the opportunity to participate in today's hearing on the President's proposed renewal of Vietnam's waiver under the Jackson-Vanik amendment.

It's obvious to the American Legion that all Vietnamese citizens are not by any stretch of the imagination free to leave Vietnam if they so wish. And the Montagnards, who you heard from earlier today, who populate the central highlands, are even further restricted in their attempts to emigrate. And I mention the Montagnards because the United States involved them in the war in Vietnam, and they became loyal and dedicated allies. Then, following the total United States withdrawal from South Vietnam in 1975, many, if not most, of the Montagnard held out some degree of hope that their American allies would return to the highlands to rejoin them. As you and I know, that was not to be.

The plight of the Montagnard today remains most unfortunate. Millions of dollars and thousands of man-hours of humanitarian assistance are expended in Vietnam by American NGOs each year. However, few, if any of these organizations are permitted by the Vietnam Government to develop and administer programs that would provide humanitarian aid to the Montagnards in the central highlands despite the horrendous conditions of poverty and hopelessness that exist among the tribal people.

The failure of the Vietnamese Government to allow the provision of humanitarian assistance in the highlands is not the only problem facing the Montagnards. We have seen and heard numerous reports, some anecdotal and others official, of the strife that has beset Montagnards who have attempted to emigrate from Vietnam.

It is often reported that many have been forced to pay province officials exorbitant fees for exit permits, and then, in some cases, bribes to other Vietnamese officials, in their mostly futile attempts to negotiate the emigration process.

The situation regarding the Montagnard is concisely described in a recent report prepared by the chief counsel of the House International Relations Committee's Subcommittee on International Operations and Human Rights, following his December 1997 trip to Vietnam. The report states, in part, "The Montagnard population, many of whose members have particularly strong ties to the United States, and particularly compelling refugee claims, continues to face problems that are even worse than those of most other Vietnamese of humanitarian interest to the United States. Because of their remote location, and their alienation from the mainstream of Vietnamese society, they're particularly vulnerable to all of the abuses listed above. They have even less access to information than other residents of Vietnam and are even more helpless in the face of official corruption. For instance, some Montagnard refugees resettled in the United States have been forced by corrupt local officials to leave family members behind and substitute nonfamily members who then disappear upon their arrival in the United States."

Mr. Chairman, I might add, we just found out this week of a case that happened within the last 3 weeks, where a Montagnard arrived in Charlotte, North Carolina, and had been forced to adopt a "wife" and "family members" who were not his, and bring them with him before he could get his exit visa.

With respect to specific refugee programs, the ROVR Program was not viewed favorably by the American Legion from the outset. Vietnam's failure to uphold its end of the bargain until just before the Jackson-Vanik waiver by the President has been even more disconcerting.

The purpose of ROVR was to create conditions under which boat people would voluntarily return to Vietnam from the refugee camps in countries of first asylum. Those who met the United States-defined criteria of refugee and returned to Vietnam would be interviewed, and if found eligible, be granted passage to the United States. In turn, Vietnam agreed to not take reprisals against them for having fled the country and to issue exit permits necessary for them to become involved with United States immigration officials in preparing to leave Vietnam.

Vietnam's cooperation in furnishing the United States with names of those who are to be interviewed has been sporadic. According to the latest available State Department statistics, the number of cases cleared for interview under ROVR has slowed considerably, as compared to Vietnam clearing 14,000 names during the 3 months immediately prior to the President's waiver of Jackson-Vanik. This is typical Vietnamese manipulation.

It's important to note that the ROVR Program is not the only important measure of Vietnam's cooperation on the emigration issue. The Orderly Departure Program is equally as important. We understand that the ODP, implemented nearly 20 years ago, potentially has nearly 95,000 applicants, and thousands of cases that are unresolved for one reason or another. These include cases of reedu-

cation camps' survivors and their widows, former U.S. Government employees, Amerasians, and others, who are of significant importance to the United States.

Mr. Chairman, the POW–MIA issue and the lack of unilateral cooperation on the part of the Vietnam Government is another concern with respect to why the American Legion believes that the waiver of the Jackson-Vanik amendment should not be extended, as well as the human rights violations that are spelled out in detail in our own State Department's 1997 report on human rights in Vietnam.

We urge the Congress to disapprove any further extension of the Jackson-Vanik waiver until such time that Vietnam makes significant, meaningful improvements in its emigration policies and human rights, and unilateral cooperation on helping achieve the fullest possible accounting of our POWs and MIAs. The American Legion fully supports the enactment of H.J. Res. 120, which calls for the Congress to disapprove the President's waiver determination.

Again, Mr. Chairman, we appreciate very much your scheduling this hearing on this most important issue today. Thank you.

[The prepared statement follows:]

**Statement of John F. Sommer, Jr., Executive Director, American Legion**

Mr. Chairman and Members of the Subcommittee:

On behalf of The American Legion, thank you for the opportunity to participate in today's hearing on the President's proposed renewal of Vietnam's waiver under the Jackson-Vanik amendment to the Trade Act of 1974.

In December 1997, the Clinton Administration announced that the President was seriously considering waiving the requirements of the Jackson-Vanik Amendment (19 U.S.C. 2432(a)). Briefly, Jackson-Vanik renders communist governments ineligible for economic concessions through the Export-Import Bank and the Overseas Private Investment Corporation until their citizens are guaranteed unfettered freedom of emigration.

It is obvious to The American Legion that all Vietnamese citizens are not by any stretch of the imagination free to leave Vietnam if they so wish, and the Montagnards who populate the Central Highlands are even further restricted in their attempts to emigrate. I mention the Montagnards because the United States involved them in the war in Vietnam, and they became loyal and dedicated allies. Then, following the total U.S. withdrawal from South Vietnam in 1975, many—if not most—of the Montagnard held out some degree of hope that their American allies would return to the Highlands to rejoin them. That was not to be.

The plight of the Montagnard today remains most unfortunate. Millions of dollars and thousands of man-hours of humanitarian assistance are expended in Vietnam by American NGOs each year. However, few—if any—of these organizations are permitted by the Vietnamese government to develop and administer programs that would provide humanitarian aid to the Montagnards in the Central Highlands, despite the horrendous conditions of poverty and hopelessness that exist among the tribal people.

An example is the Vietnam Highlands Assistance Project which was developed by Lutheran Family Services in 1989. During the nine years since it was established, the project has only been allowed access to the Central Highlands on one occasion, though not for a lack of trying. Project officials have continuously pushed Vietnam's Peoples Aid Coordination Committee (PACCOM) for NGO humanitarian access to the Central Highlands.

Of course, the failure of the Vietnamese government to allow the provision of humanitarian assistance in the Highlands is not the only problem facing the Montagnards. We have seen and heard numerous reports—some anecdotal and others official—of the strife that has beset Montagnards who have attempted to emigrate from Vietnam. It is often reported that many have been forced to pay province officials exorbitant fees for exit permits, and then in some cases bribes to other Socialist Republic of Vietnam (SRV) officials, in their mostly futile attempts to negotiate the emigration process.

The situation regarding the Montagnard is concisely described in a recent report prepared by the Chief Counsel of the House International Relations Committee's Subcommittee on International Operations and Human Rights following his December 1997 trip to Vietnam. The report states in part:

> "The Montagnard population—-many of whose members have particularly strong ties to the United States and particularly compelling refugee claims—-continues to face problems that are even worse than those of most other Vietnamese of humanitarian interest to the United States. Because of their remote location and their alienation from the mainstream of Vietnamese society they are particularly vulnerable to all of the abuses listed above. They have even less access to information than other residents of Viet Nam, and are even more helpless in the face of official corruption. For instance, some Montagnard refugees resettled in the United States have been forced by corrupt local officials to leave family members behind and substitute non-family members who then disappear upon their arrival in the United States."

Mr. Chairman, we just recently learned of a case of a Montagnard who arrived in Charlotte, North Carolina within the last three weeks who had been forced to accept a Vietnamese "wife" and "family members" before he could get his exit visa. Most everyone in this room can go home to their families at night. However, many of the Montagnards who have emigrated to the United States have been waiting to be reunited with their families for years.

One of the obstacles that has prevented Montagnards from leaving Vietnam, and has also blocked the emigration attempts of ethnic Vietnamese, has included the use of translators provided by the SRV by our own Orderly Departure Program (ODP), and Immigration and Naturalization Service (INS). These SRV interpreters have been responsible for such sensitive issues as commenting on the authenticity of documents or testimony provided by refugee applicants during the interview process. It is commonly known that numerous applicants whose emigration cases were denied have complained, some in writing, to ODP officials that they were intimidated by SRV officials being present during their interviews, and that the presence of these individuals encumbered their ability to openly disclose the extent of their involvement with the U.S., relevant information surrounding their persecution by the SRV, and related matters. Beyond that, reports from applicants whose cases were both approved and denied have charged that some SRV-provided employees have solicited bribes for favorable results, and offered threats or otherwise intimidated applicants who were not willing to pay.

In reference to the involvement of SRV staff, the aforementioned report by the Chief Counsel of the House Subcommittee on International Operations and Human Rights states in part:

> "I was already familiar with what this can do to the integrity of the refugee programs. The presence of SRV officials at the vast majority of UNHCR interviews with CPA returnees has been an important factor in the derision with which the UNHCR's 'zero-persecution-on-return' assurances have been greeted by Vietnamese-Americans, U.S. veterans' groups, Ben Gilman, Chris Smith, et al. Also, many applicants have written letters to ODP stating that they were afraid to tell their stories in the presence of government-supplied interpreters, and setting forth the 'real' story in an almost-always-unsuccessful effort to get a denial reconsidered."

It has been reported that effective January 1, 1998 a private employment agency is being used to hire the interpreters and others who have been furnished by SRV. However, this has not been confirmed. It also appears that the cases of applicants who were adversely impacted based on the previous policy will not be re-interviewed, which is most unfortunate.

The Resettlement Opportunities for Vietnamese Returnees (ROVR) program was not viewed favorably by The American Legion from the outset, and SRVs failure to hold up its end of the bargain—until just before the Jackson-Vanik Amendment was waived by the President—has been even more disconcerting. The purpose of ROVR was to create conditions under which "Boat People" would voluntarily return to Vietnam from the refugee camps in countries of first asylum. Those who met the U.S.-defined criteria of "refugee" and returned to Vietnam, would be interviewed and, if found eligible, be granted passage to the United States. In turn, SRV agreed to not take reprisals against them for having fled the country, and to issue exit permits necessary for them to become involved with U.S. emigration officials in preparation of leaving Vietnam.

SRVs cooperation in furnishing the U.S. with names of those who are to be interviewed has been sporadic. According to the latest available State Department statistics, the number of cases cleared for interview under ROVR has slowed considerably, as compared to SRV clearing 14,000 names during the three months prior to the President's waiver of Jackson-Vanik. This is typical Vietnamese manipulation.

We understand that as of recently the exit permits are no longer required prior to seeking interviews from ODP, but they continue to be required at a later time during the process. With respect to the SRV pledge of no reprisals, the previously mentioned House Subcommittee report contains the following:

> "The shocking extent of SRV involvement in the administration of all our programs—-as well as the UNHCR monitoring program—-makes highly suspect any assessment that returnees are not facing political problems on their return. The SRV internal security apparatus is pervasive. Maintenance of control over the lives of ordinary citizens appears to be among the government's highest priorities. Of the dozen or so returnees we visited—-some 'officially' in the presence of SRV personnel, others 'unofficially' after satisfying ourselves that we had managed to evade surveillance—-all but three had been denied household registration, which is the essential prerequisite to a decent life in Vietnam. Several had been frequently visited by security officials demanding to know about their past political and/or religious activities and warning them of severe reprisals for any further such activities. All those whom the SRV government knew we intended to visit had been interrogated in anticipation of our visit. Several had been given detailed instructions about what to say and what not to say. A few returnees are known to have been imprisoned since their return—-most for ostensibly nonpolitical crimes such as illegal escape, others on overtly political charges."

It is important to note that ROVR is not the only measure of Vietnam's cooperation on the emigration issue. The Orderly Departure Program is equally as important. We understand that the ODP, implemented nearly twenty years ago, potentially has nearly 95,000 applicants, with thousands of cases that are unresolved for one reason or another. These include cases of re-education camp survivors and their widows, former U.S. government employees, Amerasians, and others. All of them are individuals who did not leave the country at the urging of the U.S., based on promises that if they met the criteria, the U.S. would process them out. It has recently been reported that there is an artificially high "no-show" rate in the ODP, generated by the fact that many people who are eligible for interviews cannot get exit permits. Also, many who tried prior to the first of the year were either turned away by SRV staff, or the applicants refused to comply with the demands for bribes.

It is interesting to note that while the clearance rate for the politically sensitive ROVR program increased considerably for the three months prior to the waiver of Jackson-Vanik, the much larger ODP program languished as a result of benign neglect on the part of the Clinton Administration.

The examples set forth in this statement are only a snapshot of the abysmal SRV-controlled situations that exist within ROVR and ODP—programs that were established to assist refugees in emigrating—not forcefully prevent them from leaving a country where they are subject to harassment and persecution. The United States has a moral obligation to help these individuals in any way we possibly can. Extending the waiver of Jackson-Vanik would be the same as closing the door forever on the possibility that many of these deserving individuals could ever be resettled outside of Vietnam.

In addition to the provisions of Jackson-Vanik, 19 U.S.C. 2433 provides authority for the President to withhold nondiscriminatory trade treatment to countries based on cooperation with our efforts to account for American military and civilian POWs and MIAs in Southeast Asia. It is contingent upon cooperation to achieve a *complete* accounting of the POWs and MIAs, to repatriate such personnel who are alive, and to return the remains of such personnel who are dead to the United States.

On a related issue, March 4, 1998, the President certified that Vietnam is "fully cooperating in good faith" with U.S. efforts to account for missing American soldiers from the Vietnam war, as required under section 609 of Public Law 105–119. The American Legion does not agree with the President's determination. The certification would have been more credible if he would have waited to review the National Intelligence Estimate on the Vietnam POW/MIA issue which was released in May, but has yet to be declassified.

The government of the Socialist Republic of Vietnam is not cooperating anywhere near the extent to which it can. A degree of cooperation is being offered in the conduct of joint field activities, in which our Joint Task Force—Full Accounting and

Vietnam's Office on Seeking Missing Persons are excavating crash sites and other incident locations. Of course, the United States is paying Vietnam handsomely for that assistance.

It is the *unilateral* cooperation by the central government that is not forthcoming. In August 1993, a high-ranking State Department official specifically asked the Vietnamese government to turn over remains and information relating to over eighty cases involving over ninety individuals categorized as Last Known Alive and Special Remains Cases. To the best of our knowledge, very little, if any information correlating to those cases has been turned over by the SRV government.

National Commander Anthony G. Jordan and this witness met with several high ranking Vietnamese government officials in December 1997, and requested, among other things, increased unilateral cooperation in helping to resolve those cases where the incidents took place in the areas of Laos and Cambodia that were controlled by the Peoples Army of Vietnam during the war. The American Legion and others, including representatives of the families, have formally requested this as well as unilateral cooperation on other similar issues for several years. We continue to receive empty promises, but no substantial progress has been forthcoming.

The third concern of The American Legion is Vietnam's abysmal record on human rights. It is necessary to remain mindful that the government of SRV continues to be a communist regime that actively suppresses the human rights of many of its citizens. Unfortunately, despite the lifting of the trade embargo and the normalization of diplomatic relations, there has been no appreciable improvement. The only apparent change is the diminished level of pressure that the U.S. government is placing on Vietnam to enhance its human rights practices. The SRV government continues to arrest and imprison political and religious activists and hold them at will. Hanoi does not suffer those who believe in freedom and democracy to espouse their feelings.

In reviewing the State Department's Human Rights Report on Vietnam for 1997, it is interesting to note the comments that relate to one of the issues under consideration at today's hearing. Under the section of the report relating to the subjects of Emigration and Repatriation is the following:

> "Citizens must demonstrate eligibility to emigrate to another country and show sponsorship abroad, before the Government issues exit permits. Citizens' access to exit permits was frequently constrained by factors outside the law. Refugee and immigrant visa applications to the Orderly Departure Program (ODP) sometimes encounter local officials who arbitrarily delay or deny exit permits based on personal animosities or on the official's perception an applicant does not meet program criteria, or in order to extort a bribe."
>
> "There are some concerns that members of minority ethnic groups, particularly nonethnic Vietnamese such as the Montagnards, may not have ready access to these programs. The government denied exit permits for certain Montagnard applicants for emigration."

The American Legion urged President Clinton in the strongest possible terms to refrain from even proposing a Jackson-Vanik waiver until considerable unilateral cooperation and improvement are advanced by the government of Vietnam in the three important areas that are discussed in this statement. These issues were totally ignored, and the Administration traded away the waiver for a bag full of empty promises from the Vietnamese.

We now urge the Congress to disapprove any further extension of the waiver until such time that Vietnam makes significant meaningful improvements in its emigration policies, human rights, and unilateral cooperation on helping achieve the fullest possible accounting of our POWs and MIAs.

The American Legion fully supports the enactment of H.J. Res. 120, which calls for the Congress to disapprove the Presidents waiver determination.

Mr. Chairman, The American Legion thanks you for scheduling today's hearing on this important issue. That completes our statement.

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Chairman CRANE. Thank you, Mr. Sommer. Let me ask you all, collectively, what, in your estimation, are the best things that we could do to advance resolution of the POW–MIA question, advance market institutions, democratic institutions, human rights observ-

ance, all of the values that we believe in? What's the best way of trying to accomplish that with Vietnam?

Mr. SOMMER. Well, Mr. Chairman, what has happened, unfortunately, during this administration, is that, beginning with the lifting of the United States objections to economic assistance to Vietnam in 1993, the lifting of the trade embargo in 1994, the normalization of relations in 1996 or 1997, and then the waiver of the Jackson-Vanik amendment, all of these things have taken place without Vietnam making reciprocal steps, as was the case in the process that was mentioned earlier this morning in the roadmap that was in place some years ago, where Vietnam would make some steps in progress, and then the United States would take reciprocal action.

Unfortunately, we've been rewarding Vietnam without holding them accountable for reciprocity. As far as the American Legion is concerned, that's what needs to be done. We can't keep throwing rewards to them without getting anything in return.

The cooperation that was mentioned several times this morning with respect to the POW–MIA issue, for instance, they're speaking of the cooperation of the Vietnamese Office of Seeking Missing Personnel with our Joint Task Force Full Accounting in crash site excavations and the investigation of other such kinds of incidents. But what has not been brought up is the unilateral cooperation on the part of the Vietnamese Government that has not been forthcoming.

That is, the Vietnamese Government turning over information that's been requested by the State Department as far back as 1993 with respect to 80-some cases involving 98 individuals that were last-known-alive cases. This official request was made in August 1993, and to the best of our knowledge, very little information has been forthcoming from Vietnam on those cases, as of today. We don't call that cooperation.

Chairman CRANE. Mr. Burch.

Mr. BURCH. Mr. Chairman, the Clinton administration has made it very obvious that they want to respond to big businesses' concerns about entering that country, and the POW issue is an impediment, so what they have is a failed strategy of digging up crash sites and using statistics about the number of bones that they're returning, remains they're returning, as a showing of progress. This is a failed strategy, as we as a Vietnam veteran's movement want them to follow up on all these live-sighting reports.

There are numerous live-sighting reports in the last 2 years. They give them very little priority. They rarely go out to investigate them. When they get ready to interview witnesses, they come forward to give the Vietnamese their names first, and, of course, that dries up the source of information.

Like the example we gave you of the military prison complex, which we thought was the best, defined by coordinates, prison that we had. And he said, we didn't go to that one. Why don't they go to the live prison sites or where these people are supposed to be, instead of digging up crash sites from 20 years ago?

It's a failed policy, but we believe they don't want to deal with that tougher one, that they want to show they've got the numbers by how many remains are returned. First, our government has got

to change its emphasis to go and check out the live-sighting reports and try to find these people, and let the Vietnamese know we want to find them, be they deserters or stay-behinds or whatever they are. If it's anybody live over there that's unaccounted for, whether he wants to come home or not, they ought to get that answer first.

And then once we as a government show that's our interest, then, I think, they'll respond because they need this trade thing. Now we've lost our biggest leverage point when we recognized them, so all we have left, unless we want to give them billions of dollars worth of war reconstruction aid, are these economic things, such as the economic guarantees for American investors, or most-favored-nation status. And, so, we want to withhold those things until—so we have some piece of leverage, otherwise they would have no way to ever—there is no reason in the world to let it be known they were holding these people because of all the progress that they made could be reversed because they would, of course, not be humanitarians.

We have to change our policy. We have to let this administration know that there's not going to be more—any further relaxation as far as Congress is concerned. Until they change their emphasis on live people, and once we start making some progress on live people, then maybe we can start turning on the spigot a bit.

Mr. DUGGINS. Mr. Chairman, I like to look at it in a little different perspective. One of the things that I think, the last time that I was in Hanoi, and I was with John, I felt, you know, some of our values, our values are good, but some of our values may not work for them because I felt safer in the streets of Hanoi than I do in the streets of DC. [Laughter.]

So, maybe we ought to bring some of that here. But the point I want to make is, I think one of the things that would help a great deal is that our government play fair with us. You know, we've kicked the Vietnamese around a lot here. This report that I mentioned, this Special National Intelligence Estimate, is supposedly telling us that the Vietnamese are cooperating or not cooperating, has been out since May 22, and it's still classified. And we, as activists and who are responsible to a constituency, we have no way of telling them, you know, we can tell them, I got a feeling. But if we had this information from this report that is still classified, that is sitting on somebody's desk, that was prepared by the CIA, I think it would do a great justice to our cause to know that we can count on our government to play fair with us as well as the Vietnamese Government.

Chairman CRANE. Mr. Harder.

Mr. HARDER. Well, first question is, what can we do to try to improve our ability to get information about the POW–MIAs. I think the only answer to that is to stay engaged with the Vietnamese in a dialog about the information that we have, keep pressing them on the cases where we know we had last-known-live sightings, our priority cases where we know the people were alive on the ground, and to try to get definite answers on those. If we have any specific evidence that—of live sightings, we should be allowed to go there and check those out.

I asked a question when we were in Vietnam in March 1998. I asked Joint Task Force Full Accounting Detachment II, which is

there in Hanoi, what do you do when you get one of these live-sighting reports, and I was told that, by the Detachment commander, that they investigate each and every one of those until they get the information resolved. And when I was there at that time, he told me there were no cases that had not been investigated yet. And I asked the specific question.

On the second issue, dealing with the trade policies and how best can we get the Vietnamese to develop in a way that's favorable—a free-market economy, which kind of goes along with the democratic process, I don't see a way of doing that other than getting more Americans involved in Vietnam, getting them to understand the process of how a free-market economy works. So, therefore, I don't see that backing off and reinstituting some sort of an embargo or lessening trade and breaking off relations with them, gets us very far in that regard.

Chairman CRANE. Yes, Mr. Burch.

Mr. BURCH. I'm sorry, sir, I just want—this is my opportunity to make one last comment. Unfortunately, you have a problem by what you mean by live-sighting investigations. I recently talked to the DPMO office about this, and in most cases, it's just someone sitting behind a desk reviewing the papers and making a decision, whether they think it's valid or not. It's not going out in the field and interviewing people. That's the problem; they're not aggressive to really try to pursue the matter.

Chairman CRANE. Well, I thank you all for you testimony and appreciate your input, and please keep the flow of information going with us. And, with that, let me call up our last panel, and that is Diem Hoang Do with the Coalition Against Jackson-Vanik Waiver, and Filong Levan, vice president, Vietnamese-American Voters' Coalition, and Joel Joseph, chairman, Made in the USA Foundation.

And if you gentlemen will try and keep your presentation, your oral presentations to 5 minutes, please do so. And any written statements or documents that you may have that you'd like to submit will be made a part of the permanent record.

And we'll start with Mr. Do.

**STATEMENT OF DIEM HOANG DO, COCHAIR, COALITION AGAINST JACKSON-VANIK WAIVER, WESTMINSTER, CALIFORNIA**

Mr. DO. Thank you, Mr. Chairman. Let me start by saying that this is not a discussion about whether or not we should have trade with Vietnam. It is the question of under what circumstances and with what conditions should we have trade with Vietnam. I believe that with Vietnam, the road to free trade should not be a toll-free highway, but we should exchange trade benefits with Vietnam in return for concrete economic and political reforms.

Second, I want to state that the Vietnam-American communities here in America believe that extending the Jackson-Vanik waiver and Ex–Im and OPIC benefits to Vietnam now are premature and shortsighted. And I do have a letter here from 30 Vietnam-American communities from across the United States asking for support for H.J.R. 120 and disapproving the extension of Jackson-Vanik waiver, and I would like to submit that letter, if I may.

Chairman CRANE. All right. Without objection, so ordered.

[No information had been received at the time of printing.]

Mr. DO. Thank you.

As of last year, Vietnam estimated that around 60 percent of foreign invested firms were yet to break even. Companies such as Coca-Cola and Proctor & Gamble lost money, and Chrysler pulled out altogether. This is because many obstacles exist in Vietnam such as:

Corruption: This is a severe and pervasive problem that can be found in all levels of government.

Absence of the rule of law: The reason that corruption in Vietnam is so rampant is because the rule of law does not exist.

State-owned enterprises: These enterprises enjoy subsidies from the Vietnamese Government and other numerous advantages over the private sector. Such preferential treatment eliminates the level playingfield and does not allow the private sector to effectively compete against them.

Half-hearted reform: The government only commits to reform when it means that they still retain power. Currently, a $500 million package of loans, largely funded by IMF and the World Bank, remains on hold because Vietnamese officials refused to accept more comprehensive reforms.

The lack of respect for basic human rights: Limitations on certain rights, such as freedom of the press, can have an adverse effect on the economy because it hinders the flow of information necessary for business activities.

Increasing social unrest: Vietnam's economic reform has resulted in huge inequity in socioeconomic development. The result of this situation is increasing social unrest. Since December 1996, there has been numerous and unprecedented large-scale protests throughout Vietnam.

To summarize the business climate and obstacles facing foreign investors in Vietnam, let me quote Mr. James Rockwell of Vatico, Inc., the first American company licensed to operate in postwar Vietnam. After 6 years in Vietnam, Mr. Rockwell said that he is heading home because "he has been worn down by the difficulty of arranging business contracts in Vietnam and the dim prospects for making money." He also said that if 10 percent of foreign-invested companies in Vietnam are making a profit, he'd be surprised.

Clearly, in order for Vietnam to escape economic crisis and for foreign investors to succeed in Vietnam, crucial changes are necessary, such as:

Equitisation of State-owned enterprises: International institutions and leading economists have been calling for an acceleration of reforms and equitisation of the state-owned enterprises. Unfortunately, Vietnam is still reluctant and proceeding with the equitisation process at a snail's pace.

Overhaul banking and legal systems: The entire banking and legal systems must be overhauled completely. At the direction of the Communist Party, Vietnam's banks have always lent money to state-owned enterprises which operate at losses. This can further damage the debt-ridden and capital-starved banking sector.

Accountable government: The Vietnamese Government must be held accountable for its own action, however, accountable govern-

ment can only be achieved if there is true popular and democratic rule.

Civil society: A civil society where all basic human and civil rights are respected is absolutely needed in Vietnam. In addition, the rule of law must be established. Vietnam needs to have a civil society to minimize social unrest and create a more stable and constructive environment for businesses.

In short, Vietnam needs to have sociopolitical reform, as well as economic reform. Recent events in Indonesia clearly indicated that economic reform must be accompanied by sociopolitical reform. For more than a decade, foreign investors in the international community have been pouring money into Vietnam with little success. That is because there is no real pressure to force the Vietnamese Government toward a more long-term and constructive path of reform.

The approach taken by the Vietnamese Government since 1986 has been more to stave off their own collapse, rather than rescuing the country. With billions of dollars already invested Vietnam, it is now time to take a different approach so that long-term growth and a business-friendly environment can be created.

Leaving it up to the Vietnamese Government's goodwill to reform just does not work. The United States should use economic leverages, such as the Jackson-Vanik waiver, MFN status and other forms of preferential tariff treatment, to exchange for concrete, verifiable steps toward the necessary changes I just mentioned above. These benefits should only be given when Vietnam reciprocates with measurable steps toward full economic and political reforms.

Finally, giving Ex–Im and OPIC benefits to Vietnam now will only put United States taxpayer dollars at risk, especially in light of the Vietnamese Government's unwillingness to proceed with true reform. I believe that such action together with the Jackson-Vanik waiver, without any real, tangible concessions from Vietnam, are premature at this point.

Thank you.

[The prepared statement follows:]

**Statement of Diem Hoang Do, Cochair, Coalition Against Jackson-Vanik Waiver, Westminster, California**

Distinguished Members of Congress,

I would like to express my appreciation for the opportunity to speak to you today on the major obstacles facing the business community in Vietnam, and how the United States can help to facilitate positive changes required for long term success. Hopefully the information and assessment I provide will serve to capture a more realistic picture of Vietnam. That, I believe, is absolutely necessary to understand how what happens in Vietnam can ultimately impact our trade and national interests.

OBSTACLES TO OVERCOME

Since the late 1980s when Vietnam launched "doi moi," a policy of economic reform, foreign companies have been flocking to Vietnam hoping to take advantage of the new "tiger economy." However, more than a decade later, an estimated 60 percent of foreign invested firms have yet to break even according to official Vietnamese figures. Companies such as Coca-Cola and Procter & Gamble have lost money, while Chrysler pulled out altogether. In addition, Vietnam once again is on the verge of another major economic crisis. This is because Vietnam's current condition presents many obstacles such as:

*1. Corruption*

This is a pervasive problem that can be found in all levels of the government. Just last October, the Vietnamese editor of Doanh Nghiep (Enterprise) magazine was arrested after a series of articles that exposed alleged high-level corruption at the customs department. Recently, reporter Kevin Bubel (International Herald Tribune, 5/30/98) wrote that "opaque regulations and officials seeking bribes make Vietnam a rough sell. Investors also complain they are nickel-and-dimed to death as negotiations drag on." In 8/97, the Baltimore Sun also reported that foreign companies are rethinking their investments due to real problems such as red tape, pervasive corruption, a sketchy and unpredictable legal system, and very "clear signs of government hostility."

*2. Absence of the rule of law*

The rule of law, or the lack of it, can have profound impact on all aspects of society. In fact, the reason that corruption in Vietnam is so rampant is because the rule of law does not exist. Without the rule of law, businesses cannot reasonably expect that they will enjoy equal protection under the law. Just last year, American Rice company was fined 1.2 million dollars and was demanded to dissolve its venture. This incident triggered Ambassador Peterson to send a letter to then Prime Minister Vo Van Kiet accusing Vietnamese officials of "arbitrary and discriminatory" treatment.

*3. State-owned enterprises (SOEs)*

In a 1997 report, the United Nations Development Program said that "the advantages enjoyed by the SOEs, such as greater access to land, credit and other valuable resourcesas well as monopoly powers in some cases, are probably 'crowding out' the development of a dynamic, non-state sector." Such preferential treatment eliminates a level playing field and does not allow the private sector to effectively compete against SOEs. Despite the special treatment, close to 70 percent of the 6,000 SOEs are still losing money or barely surviving due to corruption and mismanagement. As the government continues to pump hundreds of millions of dollars into these companies to keep them afloat, resources are drained from the treasury leaving it on the brink of bankruptcy.

*4. Half-hearted reform*

For months since the beginning of the current crisis, the government has remained paralyzed, unwilling to implement radical economic reform that might continue high growth but diminish its control. The government only commits to reform if it means that they still retain power. Erik Offerdal of the IMF said that "what is needed now is a comprehensive package of reforms. If they continue to do nothing, the country could go off a cliff." Currently, a $500 million loan package largely funded by the IMF and the World Bank remains on hold until Vietnamese officials accept more comprehensive reforms. On November 29, 1997, Singapore's Senior Minister Lee Kuan Yew issued a blunt criticism during his visit to Hanoi. He said, "I have spelled out to them the implications for our investors and for all other investors, and they are killing them. This is bad news for future investment."

*5. Lack of respect for basic rights*

Basic rights of the Vietnamese people are not respected by the government. In fact, they are blatantly violated. In the State Department's Country Human Rights Report, Vietnam continues to be classified as one of the worst violators. Such policy erodes the people's trust in government, and that distrust transpires into the economic arena making it more difficult for the government to mobilize people and resources. In addition, limitations on certain rights such as freedom of the press can have an adverse effect on the economy because it hinders the flow of information necessary for business activities. In a report titled East Asia: From Miracle to Crisis, the United Nations Development Program said that "Vietnam's economy remains one of the most information-starved in the world," and that "Vietnam is in the midst of an information crisis that needs to be urgently redressed"

*6. Increasing social unrest*

Vietnam's economic reform has resulted in huge inequity in socio-economic development. According to the World Bank, half of all Vietnamese live below the World Bank poverty standard of $100 dollars a year. Approximately 90 percent of the poor live in the countryside where the typical annual income hovers around $20 dollars per person. The result of this situation is increasing social unrest. Since December 1996, there have been numerous and unprecedented large scale protests throughout

Vietnam. Andrew Steer of the World Bank noted that "the problems are very acute. Income inequality is growing rapidly and social tensions are rising, Vietnam is at a crossroads." Some protesters have even turned to extreme measures. On June 11, 1998, a Vietnamese war veteran died after setting himself on fire to protest against local corruption. This is the second such act in less than two months.

To summarize the business climate and obstacles facing foreign investors in Vietnam, the experience of Vatico, Inc., the first American company licensed to operate in postwar Vietnam, is worth noting. After six years in Vietnam, James Rockwell of Vatico, Inc. said that he's heading home because "he has been worn down by the difficulty of arranging business contracts in Vietnam and the dim prospects for making money." He also said that "if 10 percent of foreign-invested companies in the country (Vietnam) are making a profit, I'd be surprised." (International Herald Tribune, 5/30/98)

## CHANGES NEEDED FOR SUCCESS

Clearly, in order for Vietnam to escape economic crisis and for foreign investors to succeed in Vietnam, crucial changes are necessary such as:

*1. Equitisation of SOEs*

The United Nations Development Program recommended that Vietnam must cut off aid to the ailing state enterprises and act swiftly to bring greater transparency to financial dealings. Leading economists have also been calling for an acceleration of reforms and equitisation of the SOEs. This is a much needed action to avoid bankruptcy and derailment of the country's growth plan. Unfortunately, Vietnam is still reluctant and proceeding with the equitisation process at a snail's pace.

*2. Overhaul banking and legal systems*

The entire banking and legal systems must be overhauled completely. At the direction of the party, Vietnam's banks have lent money to money-losing SOEs at preferential rates, causing further damage to the debt-ridden, capital-starved banking sector. Currently, the country's foreign exchange reserves are estimated to be just enough to cover 8–9 weeks worth of imports. Financial transparency and legal reform have always been key elements demanded by foreign investors. However, the recent appointment of Deputy Prime Minister Nguyen Tan Dung to the post of Central Bank Governor defies any logic. Mr. Nguyen is a former security official who rose through the ranks to become Deputy Minister of Interior from 1992 to 1997. He has no training or experience in either economics, banking or finance.

*3. Accountable government*

The Vietnamese government must be held accountable for its own actions. That means checks and balances must be in place so that the three branches of government—legislative, executive, and judiciary—are independent from each other, and most importantly from the complete control of the Communist party. Also, accountable government can only be achieved if there is true popular rule. Such a government is needed to ensure that the best course of action for the whole nation will be selected.

*4. Civil society*

A civil society where all basic human and civil rights are respected is absolutely needed. A civil society ensures majority rule and protection of minority rights. In addition, the rule of law must be established. These are the ingredients critical for long term stability and development. Vietnam needs to have a civil society to minimize social unrest and create a more stable and constructive environment for business.

In short, Vietnam needs to have socio-political reform as well as economic reform. One without the other will not work. Recent events in Indonesia clearly indicate that economic reform alone still leads to unrest and necessitates complete socio-political reform. Reporter Jeremy Grant of the London Financial Times wrote that given the current situation, western analysts believe that "although Hanoi could muddle along for up to 12 months, nothing less than political reform will solve the long-term problem." Also, according to Robert Templer of the University of California: "Policy making (in Vietnam) has ground to a halt to such a degree that there's no hope of serious economic reform without some sort of major shift in the political system."

APPROACH TOWARD VIETNAM

Given the current political and economic conditions in Vietnam, the United States is in a perfect position to facilitate positive changes in Vietnam. Vietnam is facing increasing difficulties on all fronts and therefore should be more susceptible to pressures for changes. For more than a decade, foreign investors and the international community have been pouring money into Vietnam with little success. That is because there is no real pressure to force the Vietnamese government toward a more long term and constructive path of reform. The approach taken by the Vietnamese government since 1986 has been more to stave off their own collapse rather than to rescue the country.

With billions of dollars already invested in Vietnam, it's now time to take a different approach so that long term growth and a business friendly environment can be ensured. Leaving it up to the Vietnamese government's goodwill to reform no longer works. Pressures must be applied so that the right course and the right pace of reform are taken. The United States should use economic leverages such as the Jackson-Vanik waiver, MFN status, other forms of preferential tariff treatment and other benefits such as EXIM, OPIC, TDA to exchange for concrete, verifiable steps toward the necessary changes mentioned above. These benefits should only be given when Vietnam reciprocates with measurable steps toward full economic and political reforms.

Finally, giving EXIM and OPIC to Vietnam now will only put U.S. taxpayers' dollars at risk especially in light of the Vietnamese government's unwillingness to proceed with true reform. I believe that such actions, together with the Jackson-Vanik Waiver, without any real, tangible concessions from Vietnam are premature at this point.

CONCLUSION

Free trade between the United States and Vietnam is necessary for long term development and prosperity of both countries, and even more so for Vietnam. However, I believe that free trade does not mean at any cost and without conditions. In the case of Vietnam, certain conditions must be met in order for meaningful, long lasting trade relations to develop. Free trade can only grow if the basic foundation for a mutually beneficial relationship has been created. Such a foundation is still missing in Vietnam.

Lastly, I believe that the guiding principle of our country has always been cooperating and partnering with free governments, free countries, where human rights and values are respected. I believe that free trade should only be with free people. After all, that's what this great nation is all about.

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Chairman CRANE. Thank you, Mr. Do. Mr. Levan or Levan.

Mr. LEVAN. Yes, sir, Levan.

Chairman CRANE. Levan.

**STATEMENT OF FILONG LEVAN, VICE PRESIDENT, VIETNAMESE-AMERICAN VOTERS' COALITION, LONG BEACH, CALIFORNIA**

Mr. LEVAN. Mr. Chairman, I would like to express my opposition, and that of the Vietnamese-American Voter's Coalition, to the waiver of the Jackson-Vanik amendment for Vietnam.

The Jackson-Vanik amendment makes access to U.S. Government credit and investment guarantees dependent on freedom of emigration and progress in human rights. There has been little movement in either area in recent years. In fact, the Communist regime has, if anything, become even more repressive.

The most substantial argument for the lifting of the Jackson-Vanik amendment has been that Vietnam no longer requires exit permits as a precondition for access to interviews under the United States Resettlement Opportunity for Vietnamese Returnees Pro-

gram. In reality, however, Vietnam has not eliminated the necessity of an exit permit, but only delayed it until after the interview.

Equally important, the human rights situation in Vietnam is not improving. As in the past, all opposition to the ruling Communist Party is ruthlessly suppressed and the country is dominated by an atmosphere of repression. The Communist regime continues to hold hundreds and probably thousands of political prisoners. Among the prisoners are members of the Movement to Unite the People and Build Democracy, which issued a manifesto calling for peaceful, gradual change in Vietnam. The group attempted to hold an international conference on democracy and development at the Metropole Hotel in Ho Chi Minh City in November 1993. That was to be attended by leading retired American officials, but the meeting was prevented by the arrest of the participants.

There are many persons who argue that the waiver of the Jackson-Vanik amendment will promote a liberalization of Vietnamese society. Experience suggests, however, that it is insistence on the fulfillment of strict conditions in return for concessions that is able to promote change. The Jackson-Vanik amendment facilitated the emigration of Soviet Jews because it was not lifted and the Soviet authorities, therefore, had an incentive to change their repressive policies.

In the Vietnamese case, the waiver of the Jackson-Vanik amendment, would send a strong signal to the Vietnam Government and Vietnam society encouraging the Vietnamese leaders to think that they can continue the oppression of their own people and still reap the benefits of advantageous trade relations with the West.

Vietnamese communism was victorious because it deceived and manipulated the Vietnamese people. It is for this reason that the present Vietnamese leaders are so afraid of free emigration and freedom of speech. Because of the regime's efficiency in stamping out dissent, the forces of the opposition in Vietnam are weak. But, they could become influential if political liberty was established in Vietnam and they were allowed to compete for power freely. This, however, will not happen without political support from abroad.

Mr. Chairman, I therefore ask you to vote against the waiver of the Jackson-Vanik amendment for Vietnam and to continue to oppose it until the Vietnamese Government takes the first steps toward allowing real political liberty, including the removal of barriers to emigration and the freeing of all political prisoners. Thank you for letting me voice our concerns.

[The prepared statement follows:]

**Statement of Filong Levan, Vice President, Vietnamese-American Voters' Coalition, Long Beach, California**

Mr. Chairman:

I would like to express my opposition and that of the Vietnamese-American Voters' Coalition to the waiver of the Jackson-Vanik amendment for Vietnam.

The Jackson-Vanik amendment makes access to U.S. government credit and investment guarantees dependent on freedom of emigration and, more generally, on progress in human fights but there has been little movement in either area in recent years. Instead, the communist regime has, if anything, become even more repressive.

The most substantial argument for the lifting of the Jackson-Vanik amendment has been. that Vietnam no longer requires exit permits as a pre-condition for access to interviews under the U.S. Resettlement Opportunity for Vietnamese Returnees Program (ROVR.) In reality, however, Vietnam has not eliminated the necessity of

an exit permit but only delayed it until after the interview. Access to other programs, like the Orderly Departure Program (ODP) is restricted, passports are issued for only a single foreign trip and then must be reapplied for and people are not able even to travel freely inside Vietnam.

Equally important, the human fights situation in Vietnam is not improving. As in the past, all opposition to the ruling communist party is ruthlessly suppressed and the country is dominated by an atmosphere of repression. In April, 1997, the Vietnamese government introduced a decree on adminstrative detention (31/CP) that officially authorizes village level Peoples' Committees and public security officials to detain individuals without trial for from six months to two years. This directive is intended to suppress freedom of speech because it specifically applies to those persons deemed to have violated the laws on national security but whose offense "is not serious enough to be prosecuted criminally."

The Vietnamese government has also tightened its control of the press. There was a national press blackout regarding mass protests in the Thai Binh province from May to September, 1997 and in general, the Vietnamese domestic media is used as a tool for Party propaganda and denied the freedom to develop into an independent force. Although, high ranking communist officials have emphasized the role of the mass media in fighting corruption, on October 8, 1997, Nguyen Hoang Linh, the editor of the business newspaper, "Doanh Nghiep," was arrested and charged with "revealing state secrets" for reporting high level corruption within the Customs service in connection with the purchase of boats from Ukraine.

Perhaps most important, the communist regime continues to hold hundreds and probably thousands of political prisoners whose only crime was their attempt to express themselves freely. Among the prisoners are members of the "Movement to Unite the People and Build Democracy," which issued manifestos calling for peaceful, gradual change in Vietnam. The group attempted to hold an international conference on democracy and development at the Metropole Hotel in Ho Chi Minh City in November, 1993 that was to be attended by leading retired American military and intelligence officials but the plan for the meeting was foiled by the arrest of the participants.

The group's leader was Professor Nguyen Dinh Huy, who spent seventeen years in 66 "reeducation" camps after 1975. He was sentenced, upon his arrest in 1993, to 15 years of additional imprisonment. Pham Tuong, Professor Huy's deputy, was sentenced to fourteen years; Nguyen Ngoc Tan, also known by the pen name, Pharn Thai, was sentenced to eleven years imprisonment; Dong Tuy, a teacher, was sentenced to eleven years; Bui Kim Dinh, was sentenced to twelve years; Nguyen Van Bien, was sentenced to eight years imprisonment and Nguyen Van Chau was sentenced to four years.

Other well known political prisoners in Vietnam include Professor Doan Viet Hoat, who has now been imprisoned for almost 19 years for writing articles concerning human rights in a typewritten newsletter called, "Freedom Forum." and Dr. Nguyen Dan Que, an endocrinologist who was arrested on May 1, 1990 for issuing a manifesto calling on the Vietnamese government to respect basic human rights and was sentenced to twenty years imprisonment.

There are many persons who argue that the waiver of the Jackson-Vanik amendment will promote the liberalization of Vietnamese society. Experience with communist regimes, however, suggests that exactly the opposite is the case. It is only insistence on the fulfillment of strict conditions in return for concessions that is able to promote change. The Jackson-Vanik amendment played a key role in facilitating the massive emigration of Jews from the Soviet Union because it was not lifted and the Soviet authorities knew that it would not be lifted until they made convincing progress in the areas of emigration and human rights and therefore had an incentive to change their policy.

In the Vietnamese case, the waiver of the Jackson-Vanik amendment could only send the wrong signal to the Vietnamese government and Vietnamese society. As the Vietnamese economy falters, the Vietnamese leaders again face the choice between maintaining tight internal security and introducing wider reforms. All indications are that they have made the decision in favor of security. The waiver of the Jackson-Vanik amendment now can only encourage the Vietnamese leaders to think that they can continue the oppression of their own people and still reap the benefits of advantageous trade relations with the West.

Vietnamese communism was victorious because it deceived and manipulated the Vietnamese people. It is for this reason that the present Vietnamese leaders are so afraid of free emigration and freedom of speech. Because of their efficiency in stamping out opposition, the forces inside the country which stand for human rights are enfeebled. But they could become influential if political liberty were established

in Vietnam and they were allowed to compete for power freely. This, however, will not happen without the help of political support from abroad.

I therefore urge you to vote against the waiver of the Jackson-Vanik amendment for Vietnam and to continue to oppose it until the Vietnamese government takes the first steps toward allowing real political liberty, including the removal of all barriers to emigration and the freeing of all political prisoners.

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Chairman CRANE. Thank you, Mr. Levan. And, finally, Mr. Joseph.

**STATEMENT OF JOEL D. JOSEPH, CHAIRMAN, MADE IN THE USA FOUNDATION**

Mr. JOSEPH. Good afternoon, Mr. Chairman, and thank you for the opportunity to allow me to bring you the views of the Made in the USA Foundation.

The foundation supports Congressman Rohrabacher's resolution, H.J.R. 120, to overturn the President's waiver of Jackson-Vanik. As Ambassador Peterson said, even if you do overturn the waiver, it won't affect the attempts to recover the remains of POWs and that movement.

Does trade with Vietnam hurt the United States or help the United States? That's the key question to be answered during these hearings. For if trade with Vietnam is harmful, we could or should end it or change the terms of trading.

Nike, Inc., an American corporation based in Beaverton, Oregon, is the largest exporter from Vietnam to the United States. Nike contracts with five footwear factories in Vietnam, all located in areas surrounding Ho Chi Minh City. Nike controls these plants even though they are owned, actually, by Taiwanese and South Koreans, like a plantation owner managing slaves. Nike workers are paid subsistence wages in violation of Vietnam law, working 65 hours a week for $10, or about 15 cents an hour.

In addition, these plants are—have unsafe working conditions where workers breathe toxic fumes at extremely high levels. At one place, it was 177 times the level allowed by law.

The overall scope with Vietnam compared with other nations in the world is very small. During 1997, the Commerce Department reports our exports to Vietnam were $228 million, and our imports were $388 million. The foundation estimates that Nike's exports from Vietnam are approximately $100 million per year, or more than 25 percent of Vietnam's total exports to the United States. The Commerce Department's statistics on Vietnam trade are woefully inadequate, and the foundation was forced to compile its own data.

Because trade with Vietnam is so small, even if we were to cut off all trade, it would have virtually no noticeable effect on the United States economy. That's in stark contrast to trade with China.

On paper, Vietnam's labor and safety laws look reasonably good. The problem is that they are not enforced, either because of bribery, corruption or incompetence.

Nike is unique among American companies operating in Vietnam. Most American companies, as mentioned before, Ford Motor

Co., pay better and have better working conditions than Nike provides. However, as the largest American employer in Vietnam, with approximately 25,000 workers, they manufacture 20 million pairs of shoes annually.

Workers in Vietnam have no freedom of speech. In fact, if they speak while they work, they are physically beaten. That was reported in the New York Times recently. That is how slaves are treated.

The United States should push Vietnam to protect its workers and encourage workplace democracy. According to the New York Times, who relied on an Ernst and Young report, 77 percent of the workers at one of the Nike plants suffered from respiratory problems. That's more than three-quarters.

Toluene exposure, which causes cancer, was found to be from 6 to 177 times the legal limit at this plant where 9,200 workers are at that plant and they produce 400,000 pairs of shoes a month.

A team of MBA students from the Tuck Business School at Dartmouth studied Nike's operations in Vietnam and found that the average monthly income of Nike workers in Vietnam is $32, which is well below the legal minimum wage of from $35 to $45, and that varies according to provincial law.

The average per capita income in Dong Nai province, where Nike operates, was $449 in 1995 and estimated to be $700 last year, double Nike's wages. So Nike is paying less than half the average wages in Vietnam.

The Dong Nai department of labor reported average wages to be $90 for state-owned companies, that this man testified about, $60 for foreign firms in general, including most American firms, and $50 for small Vietnam companies. Nike pays an average of $41 a month in Dong Nai province.

Is this fair trade? Should the United States—what should the United States do about working conditions and wages at plants controlled by American companies?

The foundation proposes that exporters from Vietnam be required to certify that in the manufacture of products exported to the United States, that all Vietnam labor and occupational safety and health laws were complied with, and, two, certify that employees working to manufacture products exported to the United States are paid a certain minimum wage. We propose 25 cents an hour during 1998, rising to 35 cents an hour, and these, of course, are a pittance compared to what workers are paid elsewhere, and 50 cents an hour during the year 2000.

The total current payroll for all Nike workers in Vietnam is $10 million. In contrast, Nike spends that amount on Super Bowl advertising every year, and pays Michael Jordan and Tiger Woods more than the entire payroll that it pays 25,000 workers.

Thank you for the opportunity to let us provide this testimony. We summarize by saying that we urge you to vote in favor of Congressman Rohrabacher's H.J.R. 120.

[The prepared statement follows:]

**Statement of Joel D. Joseph, Chairman, Made in the USA Foundation**

Does trade with Vietnam hurt or help the United States? That is the key question to be answered during these hearings. For if trade with Vietnam is harmful to the United States, we could and should either end it or change the terms of trading.

Nike, Inc., an American company based in Beaverton, Oregon, is the largest exporter from Vietnam to the United States. Nike contracts with five footwear factories in Vietnam, all located in areas surrounding Ho Chi Minh City, the city formerly known as Saigon. Nike controls these plants and the workers there like a plantation owner managing slaves. Nike workers are virtual slaves, paid subsistence wages in violation of Vietnamese law, working 65 hours a week for $10 or about 15 cents per hour. In addition, these plants have unsafe conditions where workers breathe toxic fumes at extremely high levels.

I am Joel Joseph, Chairman of the Made in the USA Foundation. I am both an economist and an attorney. The Foundation, started in 1989, has 60,000 members nationwide. Made in the USA is dedicated to promoting U.S. products in the United States and overseas. To further that goal, the Foundation believes that the playing field should be level, that trade should be fair and the American standards should not be undercut by nations who do not live up to our environmental, safety and health and labor standards.

First of all, the overall scope of trade with Vietnam is very small. During 1997, the Commerce Department reports our exports to Vietnam were $228 million and our imports from Vietnam were $388 million. The Foundation estimates are that Nike, Inc.'s exports from Vietnam are approximately $100 million per year or more than 25% of Vietnam's total exports to the United States. The Commerce Department's statistics on Vietnam trade are woefully inadequate and the Foundation was forced to extrapolate its own data.

Because trade with Vietnam is so small, even if we were to cut off all trade with Vietnam, it would have a virtually no noticeable affect on the U.S. economy.

On paper, Vietnam's labor and safety and health laws look reasonable. The problem is that they are not enforced, either because of bribery, corruption or incompetence.

Nike, Inc. is unique among American companies operating in Vietnam. Most American companies pay better and have better working conditions than Nike provides. However, Nike is the largest American employer in Vietnam with approximately 25,000 workers who manufacture about 20 million pairs of shoes annually.

Workers in Vietnam have no freedom of speech. In fact if they speak while they work they will be physically beaten. This is how slaves are treated. The United States should push Vietnam to protect its workers and encourage workplace democracy.

According to the New York Times, relying on a report by Ernst & Young, 77% of workers at the Tae Kwang Vina plant in Dong Nai province, suffered from respiratory problems because of insufficient ventilation. Toluene exposure at from six to 177 times the legal limit was found at the plant where 9,200 workers produce 400,000 pairs of shoes a month.

A team of MBA students at Tuck Business School at Dartmouth College studied Nike's operations in Vietnam and found that the average monthly income of a Nike worker in Vietnam is $32, which is well below that legal minimum wage of from $35 to $45 per month varying according to provincial law.

The average income per capita in Dong Nai province, where Nike operates, was $449 in 1995 and estimated to be $700 in 1997, double Nike's wages. The Dong Nai Department of Labor reported average wages to be $90 for state-owned companies $60 for foreign firms (including most American firms) and $50 for small private Vietnamese firms. Nike pays an average of $41 in Dong Nai province.

Is this fair trade? What should the United States do about the working conditions and wages at plants controlled by American companies?

The Foundation proposes that exporters from Vietnam be required:

1. To certify that in the manufacture of products exported into the United States that all Vietnamese labor and occupational safety and health laws were complied with; and

2. To certify that all employees working to manufacture products exported to the United States were paid no less that twenty-five cents per hour during 1998, no less than thirty-five cents per hour during 1999 and no less than fifty cents per hour during the year 2000.

The total current payroll for all Nike workers in Vietnam is now approximately $10 million per year. (In contrast Nike spends that amount on Superbowl advertising and pays superstars Michael Jordan and Tiger Woods more annually than its entire Vietnam payroll) This workforce manufactures 20 million pairs of shoes annually. It doesn't take a rocket scientist to calculate that current labor costs in Vietnam to manufacture a pair of Nike shoes is now fifty cents. These shoes retail in the United States for from $50 to $150 a pair.

Based on our proposal the labor costs for a pair of Nikes will rise to $0.83 per pair immediately, to $1.15 a pair in 1999, and to $1.50 per pair in the year 2000.

This labor cost increase will cause Retail prices in the United States to rise by about one percent per year.

Compared with the modest impact in the United States, the result in Vietnam would cause the standard of living to rise enormously.

How does this help the United States? Simply stated, if workers around the world are not paid more than subsistence wages, they cannot afford to buy American products.

In 1914, when the United States was at about the economic stage that Vietnam is now, Ford autoworkers made $2.50 per day. Henry Ford overnight doubled his workers' wages to $5.00 a day and the U.S. economy has blossomed ever since. If workers can afford to buy the products that they make, everyone benefits.

The United States can truly help the Vietnamese economy by requiring exporters to the U.S. to pay decent wages. Rather than subsidizing bailouts, the United States should do its part to make Asian economies generate more income from exports. If this was done in Indonesia before the current meltdown, the need for a bailout would have been prevented.

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Chairman CRANE. Well, we thank you all for your testimony, and the timing is perfect because they've rung the bells again and notified us that we have another vote on the floor. But I want to express appreciation to all who participated in this hearing today. And any ongoing information you want to communicate, please get in touch with the Subcommittee ASAP.

And with that, the Subcommittee stands adjourned. Thank you.

[Whereupon, at 2:55 p.m., the hearing was adjourned subject to the call of the Chair.]

[Submissions for the record follow:]

**Statement of the Office of the U.S. Trade Representative**

Obtaining the fullest possible accounting for POW/MIAs remains the Administration's top policy priority with respect to Vietnam, and all other policy decisions are considered with this in mind, including issues pertaining to economic normalization and trade relations. In fact, it was in the context of progress on POW/MIA accounting that President Clinton lifted our trade embargo in February 1994. Until that time, the United States had no trade relations with Vietnam. In July 1995, again in light of continued cooperation in accounting for POW/MIAs, the President normalized diplomatic relations with Vietnam, and directed that the process of economic normalization with Vietnam begin in accordance with relevant U.S. laws.

With the lifting of the trade embargo in 1994, trade was allowed to flow between the United States and Vietnam, but not on normal terms. Vietnamese exports to the United States still face high tariffs in the range of 40%–80%. These high tariffs, known as "Column 2" rates, apply to the few countries that do not receive MFN treatment. Vietnam is one of only a small number of countries that are not currently eligible for normal trading status.

Extending such most-favored nation trading status to Vietnam is governed by Title IV of the Trade Act of 1974. Title IV establishes two preconditions for extending MFN trading status to Vietnam:

- First, Vietnam must meet certain freedom of emigration requirements set out in the Jackson-Vanik amendment to the Trade Act. The President may waive these requirements annually upon a finding that issuing such a waiver would promote the freedom of emigration goals of the statute. The State Department has already addressed the granting of this waiver in March 1998 and its extension this month.
- The second precondition on extending MFN status to Vietnam is the conclusion of a bilateral trade agreement addressing, at a minimum, the issues of safeguards, intellectual property rights, the settlement of commercial differences and disputes, and trade promotion. A bilateral trade agreement with Vietnam may not enter into force until after Congress passes a joint resolution of its approval.

If these two criteria are met, MFN treatment can be extended to Vietnam. However, under Title IV, the continued extension of MFN trading status to Vietnam is subject to an important caveat: if the President determines that Vietnam is not cooperating with our efforts to achieve a full accounting of military personnel lost during the Vietnam War, he may revoke its MFN trading status.

From the beginning, the Administration's policy has been to conclude a solid, commercial agreement with Vietnam that fulfills three broad objectives:

• The agreement should be equitable and mutually beneficial. This means that in return for extending Vietnam our low "column 1" tariff rates, we expect equitable market access in Vietnam.

• The agreement should be on the basis of international norms and standards, primarily WTO standards, since these standards are the basis of our trade relations with practically every other country. In reality, because Vietnam is not yet a WTO member, the agreement will need to demonstrate that Vietnam is moving in a concrete and specific way toward WTO norms.

• The agreement should facilitate trade and investment. In other words, it should address to a reasonable degree the concerns expressed by U.S. firms interested in doing business in Vietnam.

An agreement that meets these three criteria would benefit both the United States and Vietnam by establishing trade relations on the firmest possible footing. It would create business opportunities for exporters on both sides—by giving Vietnam access to the large U.S. market, and ensuring equitable access for the United States to Vietnam's growing market of over 70 million people. Such an agreement would also serve as a concrete indication of Vietnam's commitment to integrating into the world economy on terms accepted by nearly all other countries, and would thereby advance economic reform and liberalization in Vietnam. In contrast, over the long term, the lack of an agreement can be expected to result in the loss of opportunities for Americans in Vietnam's market, since virtually every other country already has normal trade relations with Vietnam.

Negotiations on this comprehensive agreement are underway and making progress. In early 1997, after spending most of 1996 discussing and analyzing Vietnam's trade and investment regime, the United States completed a detailed proposed text for the agreement. In April 1997, we successfully concluded negotiation of a bilateral copyright agreement that will give U.S. copyrighted works legal protection in Vietnam for the first time. In October 1997, Vietnam presented a first partial response to our proposed text of the trade agreement. This was followed in April 1998 by a detailed comprehensive Vietnamese response, that included all four substantive issues proposed by the United States: market access for goods, intellectual property rights, market access for services, and investment.

In light of the comprehensive Vietnamese response, a round of negotiations was held in Washington in late May. Those negotiations served to highlight the areas where the gap between the two sides has narrowed, as well as areas where our views continue to diverge. We expect talks to continue actively in the coming months.

It is difficult to predict when this agreement will be completed because there are still many substantive issues left to be resolved. The Administration is firmly committed to concluding this agreement, and to normalizing trade relations with Vietnam, but we have made it clear that the agreement must meet the substantive criteria outlined above for it to be in the commercial interests of the United States. We will continue to keep this Committee apprised of progress in the negotiations, and look forward to working with you to ensure the approval of the agreement after it is completed.

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**Statement of Carlos Moore, Executive Vice President, American Textile Manufacturers Institute**

This statement is submitted on behalf of the American Textile Manufacturers Institute (ATMI), which is the national association of the textile mill products industry. ATMI's members collectively account for more than three-quarters of the textile fibers processed in the United States and are engaged in the manufacture and marketing of every kind of textile product.

The trade relationship between the United States and Vietnam is of substantial importance to the U.S. textile industry and its workers. Vietnam has a large textile and apparel manufacturing sector, employing over 700,000 workers at some of the lowest wage rates to be found in the world. As the former country of choice for quality garment production for the Soviet bloc, Vietnam also offers a highly skilled and professional workforce.

The combination of very low wages and a highly skilled workforce make Vietnam a force to be reckoned with in the international sourcing arena. Within three years of being granted Most Favored Nation (MFN) status by the European Union (E.U.), Vietnam had become the third largest exporter of textile and apparel products to

the E.U. As a result of this enormous growth, the E.U. has instituted comprehensive quota controls on Vietnam in order to prevent damaging new surges. Today, textiles and apparel account for 70% of the E.U.'s imports from Vietnam.

As an article in *Textile Asia* pointed out last year, the threat to the U.S. textile and apparel sector is very real:

> Vietnam's garment industry, already expecting a solid year with over $1 billion in exports, is preparing to enter the promised land: a trade agreement between the U.S. and Vietnam accompanied by the granting of MFN trading status. That move . . . would unleash Vietnam's garment exports on the U.S., the largest apparel market in the world.[1]

The granting of MFN status to Vietnam will reduce the apparel tariffs that Vietnam pays from an average of over 50% to around 18%. Average tariffs on fabrics will fall to even lower levels. The Vietnamese government has already laid the groundwork for enormous export growth to the United States by offering generous tax incentives and building leases of more than 50 years "at excellent prices" to overseas firms.[2]

Further, these same reports indicate that Vietnamese firms are already prepared to exploit these opportunities as soon as they present themselves. For example:

• Nisso Iwai, a large apparel exporter, is shipping garment samples to Nordstorms, Saks Fifth Avenue, K-mart and Target in anticipation of MFN status being granted.

• The deputy director of Huy Hoang, a large apparel exporter, reports that this company is poised to increase capacity once MFN is granted. The company has cleared land for a new plant that will "have a capacity of one million jackets a year" just for export to the United States.

• Minh Phung, another large exporter, is investing $3 million to build five new garment factories and projects sales of 500,000 pieces in the first year of MFN.

Without adequate safeguards, it appears virtually certain that the granting of MFN status will cause a dramatic increase in low-priced textile and apparel imports into the United States—with the resulting loss of textile and apparel jobs in the United States. In addition, granting of MFN status could threaten successful and productive textile trade agreements currently in effect with the CBI nations and Mexico which have resulted in thousands of jobs being created across North America.

The United States can, however, take steps to prevent a damaging surge in imports from taking place. This can be accomplished by requiring that Vietnam sign a comprehensive bilateral textile and apparel agreement before MFN is granted or as a part of any commercial bilateral agreement. The textile and apparel agreement should include the establishment of:

1) Comprehensive quota restrictions on Vietnam's textile and apparel exports to the United States.

2) Strong anti-transshipment measures, including the right for U.S. Customs to make unannounced inspections and audits of Vietnamese textile and apparel plants. Vietnam has already been caught by U.S. Customs illegally transshipping goods through third countries.

3) A condition that if Vietnam joins the World Trade Organization (WTO) its quotas will be subject to a separate 10-year phase-out beginning upon the date of its entry to the WTO.

4) Effective market access for U.S. textile and apparel exports. This would include the reduction of Vietnamese tariff rates to corresponding U.S. rates and the removal of any non-tariff barriers.

As the Committee is aware, the U.S. textile industry is already undergoing a difficult period of time during which its WTO quotas are being phased out and its tariffs reduced. As a result, global access to the U.S. textile and apparel market has already been increased by over 30% during the last three and one-half years. It is critical that Vietnam, as a major force in textile and apparel trade, be restrained from adding to this burden by sending a new and damaging surge of textile and apparel products to the United States.

Thank you for the opportunity to share our industry's position on this important matter.

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[1] Textile Asia, April 1997, p. 9

[2] Women's Wear Daily, 5/12/93.

**Statement of Bill Bell, Former Chief, U.S. Office for POW/MIA Affairs, Vietnam**

Mr Chairman, distinguished members of the Committee, thank you for the opportunity to submit testimony for today's important hearing on U.S.-Vietnam relations.

Since the initial stages of our government's postwar relations with Vietnam, government officials responsible for the issue have had a keen awareness of Hanoi's long range negotiating strategy. An extensive Rand Corporation analysis of the French experience during that country's postwar development of relations with Vietnam provides a dramatic illustration of Hanoi's intent: "Despite the substantial political and economic concessions the French have made to Hanoi since 1954, France has never received a full accounting for its missing and dead. The Vietnamese communist government has consistently circumvented and violated the terms of the 1954 agreement concerning the accounting for France's missing servicemen. Hanoi's actions clearly demonstrate that its only interest in the French military graves in Vietnam and the requests for remains by the families of the deceased is in the economic and political benefits that the Vietnamese Government can derive from control of these remains. We should keep this in mind in dealing with Hanoi. We can anticipate that Hanoi's objective is to obtain increasingly large economic and political concessions in exchange for piecemeal releases of remains and information about our missing servicemen."

Obviously our negotiators failed to heed this sound advice. But the reasons for this incompetence have never been closely examined. Today I will attempt to outline for your Committee the actual chain of developments that have motivated our government's postwar relations with Vietnam. Hopefully, a better understanding of such developments will assist your Committee in considering President Clinton's recent waiver under the Jackson-Vanik amendment to the Trade Act of 1974.

As you may recall, prior to 1989 our government's most important issue concerning Vietnam was the achievement of a viable settlement in war torn Cambodia. Subsequent to the withdrawal of a politically acceptable number of Vietnamese forces from that country our focus shifted to the accounting for our missing and dead from the Vietnam War. At that time the policy of the Bush Administration dictated that the recovery of missing American servicemen was a matter of the "highest national priority." This high priority supported a strategy of strict reciprocity at the national level, and a high quality investigative effort on the ground in Vietnam. This proactive, yet cautious approach to addressing the important POW/MIA issue precipitated Vietnam's realization that no matter how difficult the effort, our persistence and perseverance would not diminish and only genuine cooperation would be acceptable by our government. These factors enabled our personnel on the ground in Vietnam to make considerable progress without large expenditures of government funds. Trade and commercial ties were never a matter of consideration, because we were determined not to fall in the same expensive and ultimately futile rut left by the French.

This strategy meshed well with our long term goal of a full accounting for our servicemen because Vietnam did not have financial incentive to retard progress on this important national issue. Moreover, due to the coincidental collapse of the Soviet Union, Vietnam also realized that significant economic assistance from its wartime allies would not be forthcoming. These conditions served to create a rare window of opportunity for our negotiators to elicit cooperation from Vietnam in not only accounting for our missing men, but the important human rights aspect as well.

But Vietnamese Communists are well known for several attributes, not the least of which are cunning, tenacity and a high threshold for pain. During the war years although the Vietnam Communist Party (VCP) constantly spouted rhetoric concerning freedom and democracy, its primary goal was reunification of the country under totalitarian control by the Communist Party. After accomplishing its initial objective Hanoi's Politburo even changed the name of the country from a "democratic" to a "socialist" republic. The word for democracy "dan chu" quickly disappeared from letterheads of all official government and party correspondence. Dictionaries printed by the government did not even include the word "da dang" (multi-party).

After reunification Hanoi's design changed to development of the economy under the continued totalitarian control of the VCP. In assessing the outlook for reconstruction and development Hanoi's strategists came to the realization that although genuine cooperation on POW/MIA accounting would hasten the pace of relations and significant progress on human rights would bring economic benefits, such cooperation would inherently lead to a weakening of totalitarian control by (VCP). Faced with this dilemma, Hanoi's leadership turned to its highest-level decision-making

body with responsibility for military affairs, intelligence, counterintelligence, foreign policy, economics, industry and strategic deception, the National Defense Council (NDC), for salvation. The NDC of Vietnam is modeled on similar organizations of the People's Republic of China and the former Soviet Union. I believe that those responsible for safeguarding missile and satellite technology will not find that thought comforting.

In planning and implementing strategic deception, the most important organ in the communist system is the Proselytizing Department, which operates under the authority of the NDC. This department is a very secretive and subtle organization, and for the U.S. intelligence community, it is perhaps the least understood element of the Communist apparatus. The basic mission of the organization is penetration and subversion. During the war years the Proselytizing Department enjoyed considerable success in exploiting the anti-war movement in the U.S. and other countries around the world. Wartime Communist leaders have since expressed the opinion that the proselytizing effort, both in America and on an international scale, made the most important contribution toward winning the war.

The concept by which the Proselytizing Department operates is quite simple: Obtain the active participation of a small segment of the population in order to gain the passive acceptance of the population as a whole. At the local level active participation can be obtained through intimidation. For example, during wartime years when armed propaganda teams were employed, if a member of a village chief's family were abducted, one of his ears would be sent to the family. Unless the village chief performed the deed requested of him by the communist forces, the head of the family member would soon follow. In dealing with foreign populations, however, active participation is more often achieved by subtle means. This includes playing on the emotions of a family whose loved one is being held prisoner-of-war, or by exploiting character defects, especially monetary greed, or what in intelligence terms is called "a penchant for wealth." The Proselytizing Department is also responsible for both agitation-propaganda and the exploitation of U.S. POWs. This includes the remains and personal effects of American servicemen killed during the performance of their duties.

By the time of the 1986 Party Congress, Hanoi's National Defense Council had outlined a plan for development of the economy while feigning cooperation on POW/MIA and human rights. This plan was veiled as "an opening to the West" and "renovation," what the Vietnamese call "doi moi." In order to implement this plan, seasoned cadre from the Proselytizing Department were gradually transferred to positions dealing with individuals and organizations in the U.S. involved in commerce, human rights and veterans affairs.

For example, Senior Proselytizing cadre Nguyen Chinh was transferred from Region 5 in Central Vietnam to Hanoi where he was assigned as the Deputy Director of Religious Affairs dealing with U.S. officials concerned with human rights. Cadre Nguyen Hung Tri, who had been one of numerous cadre responsible for the interrogation and exploitation of American prisoners in the South, was reassigned as Director of the Export Section of the National Petroleum Import-Export Department. LTG Tran Van Quang, the former Chief of the Proselytizing Department, was reassigned as head of the National Veterans Organization dealing with so-called "Veterans Initiatives" of the Veterans of Foreign Wars (VFW) and Vietnam Veterans of America (VVA). Cadre Dang Thuan Hoa, who was also responsible for the interrogation and exploitation of American prisoners in southern Vietnam during the war, was reassigned to the Commercial Affairs Office in Ho Chi Minh City dealing with American businessmen seeking to invest in projects there. Members of the Proselytizing Department's office in Central Vietnam were transferred to the State Petroleum Organization and shortly thereafter a plan to build an oil refinery in that area was announced. Ultimately, hundreds of cadre from Vietnam's Proselytizing Department were reassigned to positions placing them in direct contact with Americans in the targeted "influence groups."

After sufficient proselytizing cadre were in place Vietnam still faced one major obstacle, hard currency to finance the overall operation. Hanoi's strategists then devised a plan whereby large sums of hard currency could be collected. By forcing hundreds of thousands of its citizens to flee the country Hanoi was able to quickly establish a large community of overseas Vietnamese. Most of those departing under this program were required to transfer all personal and real property, as well as cash assets, to communist control. To manage this potential source of future revenue, Hanoi reassigned its former UN Ambassador in New York and Vice Foreign Minister, Ho Liem (aka Hoang Bich Son) as Chairman of the Committee for Overseas Vietnamese. Overseas Vietnamese then began to send money home to support relatives remaining in Vietnam. Hard currency mailed from the U.S., Canada, France, England, Australia and other countries back to Vietnam was intercepted by

the Communist Party and converted into Vietnamese "dong" at a very unfavorable rate. Overseas Vietnamese seeking to return home for visitation, including emergency situations, were required to pay exorbitant visa issuance fees in hard currency to the relevant Vietnamese Embassy prior to commencement of travel. Unfortunately for the Vietnamese people at home, however, visa fees are not a problem because they cannot even acquire a passport to temporarily travel abroad. As a basis for comparison, in America and other democratic countries, it is far more simple to file for social security disability than for a Vietnamese citizen to obtain a passport.

In much the same manner as the French experience on POW/MIA accounting, to develop yet another source of revenue Hanoi used its Proselytizing Department to create an illusion of profitable business opportunities, a "last frontier" if you will, in Vietnam. This skillful deception, which included what appeared to be very lucrative contracts to be implemented as soon as the Trade Embargo was lifted, resulted in increased pressure from the business community on U.S. politicians to rapidly remove the POW/MIA issue as an obstacle to the development of trade ties, regardless of the actual rate of progress in accounting for our men. To accomplish this feat, the Proselytizing Department worked hand-in-hand with key members of the U.S. business community, some members of Congress and veterans organizations to convince our military leaders that the best way to resolve the issue was a rapid expansion of our POW/MIA accounting effort in the field. This expansion consisted primarily of so-called "activities," which included field cursory investigations and excavations of crash sites. These "activities" resulted in the rental of Russian supplied helicopters, real property rentals, the payment of salaries for cadre of the Proselytizing Department participating in the endeavor, drivers, laborers, organization fees, landing fees, damages caused by excavations and a host of other charges. I believe that by simultaneously exploiting emigration and the accounting for missing American servicemen Hanoi has managed to accumulate a considerable amount of hard currency. Such revenue gathering practices continue today as these hearings are being held, and quite frankly I believe they generate far more funds than what Export-Import Bank financing could provide.

In 1991 the U.S. Senate established the Senate Select Committee for POW/MIA Affairs. The Chairman of this Committee, Senator John Kerry appointed his Legislative Assistant, Ms Francis Zwenig, as the Chief of Staff for the Committee. During the life of the Committee Senator Kerry worked most closely with Representative Douglas "Pete" Peterson to authorize funding for the new, expanded effort to account for missing American servicemen in Vietnam. As a result of these joint efforts, in January 1992 the Joint Task Force-Full Accounting was formed by the U.S. Pacific Command. In order to gain acceptance of the new plan in Vietnam Senator Kerry also coordinated his efforts with fellow committee member, Senator John McCain (R, AZ).

In implementing Senator Kerry and Representative Peterson's plan, Ms Zwenig worked closely with Ms Virginia Foote, the President of the U.S./Vietnam Trade Council, Allen "Gunner" Kent, former Commander-in-Chief of the Veterans of Foreign Wars (VFW), and Mr Kenneth Steadman, at that time the Director of National Security of the VFW. As the Committee moved toward adjournment it became increasingly obvious that rather than account for missing American servicemen, the primary goal of the Committee was to remove the POW/MIA issue from the path of U.S./Vietnam relations. Members of the Committee pledged to continue to monitor the issue, but in reality only Senator Bob Smith kept his promise to the MIA family members and veterans here at home.

During the time that key members of the POW/MIA Select Committee maneuvered to remove the Trade Embargo, large scale investors in Asia, who would ultimately become large scale campaign contributors in America began to support the activities of members of the Committee designed to create investment opportunities in Vietnam. In 1992, with a one-on-one limousine ride, Presidential candidate Bill Clinton began his relationship with Mr James Riady, a citizen of Indonesia and resident alien of the United States. Mr Riady is the son of Mochtar Riady who heads the multi-billion dollar Lippo Group. Acting on behalf of the Lippo Group Mr Riady formed a partnership with Mr Jackson Stephens, Chairman of Stephens Investment Inc., in order to purchase the Worthen Bank in Little Rock, AR. Mr Riady was subsequently installed as the director of the bank. Mr Riady then used his position to contribute or loan some $700,000.00 to President Clinton's campaign. Family friends and business partners of the Riadys, Ariel and Soraya Wiriadinata, also contributed $425,000.00 to the Clinton campaign. Rather than explain the source of these monies by testifying in congressional hearings, the Wiriadinatas have since returned to Jakarta, Indonesia.

The Worthen Bank in Little Rock also owned the Hong Kong Chinese Bank where Mr John Huang was employed. Mr Huang was later transferred from Hong Kong to Los Angeles where he became head of Lippo's affiliate there. Records since made available to investigating committees of Congress indicate that in conjunction with his transfer to the U.S. Mr Huang was awarded a $700,000.00 bonus by the Lippo Group. Considering the position held by Mr Huang and the circumstances of his employment, the alleged bonus has raised questions regarding the intended purpose of the relatively large amount of cash, and whether or not it was properly declared for entry into the U.S. Moreover, in November 1992, China Resources Holding Company, a front organization for the Intelligence and Security Services of the Communist Party of China, purchased a controlling interest in the Hong Kong Chinese Bank. This transaction made available an even larger amount of money to Mr Huang in the U.S.

During his election campaign President Clinton pledged to the American people that if elected he "would not normalize relations with any country that is at all suspected of withholding information" on missing Americans. After the election of President Clinton Mr John Huang was appointed as a Deputy Assistant Secretary under Commerce Secretary Ron Brown in a "Top Secret" trade post. When Mr Huang assumed his new position at the Commerce Department the very first meeting he held in his new office was oriented toward developing increased commercial relations with the Socialist Republic of Vietnam.

Hearings held by the Senate Committee investigating campaign financing revealed that during the time he worked in the Commerce Department under Ron Brown, John Huang maintained steady contact with Mr A. Vernon Weaver, the Vice-President of Stephens Investment in Washington, D.C. In fact, Mr Huang was provided a cost-free office with telephone, facsimile and photocopy machine in the Stephens Building across the street from the Commerce Department. During the same time frame, Secretary Brown became the subject of a Justice Department investigation concerning allegations he accepted a $700,000.00 bribe for his assistance in lobbying President Clinton to lift the Trade Embargo against Vietnam. The reports indicating that Mr Riady loaned the Clinton campaign $700,000.00, that John Huang received a $700,000.00 bonus from the Lippo Group, and that former Commerce Secretary Brown received a $700,000.00 bribe may be coincidental, but considering the positions of those involved and their relationship to each other, I seriously doubt that this is the case.

After repeated denials to the press, Secretary Brown did admit to having three meetings with Mr Nguyen Van Hao, a Vietnamese who was actively lobbying on behalf of Vietnam to have the Trade Embargo lifted. Mr A. Vernon Weaver was subsequently appointed as the U.S. Representative to the European Economic Union. The investigation of Mr Brown was terminated when he died on April 4, 1996 in an airplane crash while on an economic mission to Europe.

After expanded accounting efforts were initiated in Vietnam senior U.S. officials first began praising Vietnam for its cooperation in accounting for our missing men during January 1994 when Admiral Charles Larson, at that time the Commander-in-Chief of Pacific Forces, returned from an inspection trip to Vietnam. It was Admiral Larson who first stated publicly that Vietnamese cooperation in accounting for missing Americans was "excellent across all fronts." Admiral Larson was a four star Admiral at the time and pending retirement because there were no four star slots available in the U.S. Navy.

Based on Admiral Larson's assessment, in February 1994 President Clinton lifted the trade embargo against Vietnam. Amazingly, between the time that President Clinton made his pledge that he would not normalize relations with Vietnam until there was a full accounting and the time he lifted the Trade Embargo only two Americans had been accounted for in Vietnam. Lifting the embargo opened the door for the multi-billion dollar corporation, Lippo Group with American business partners, such as Stephens Investment of Little Rock, AR to conduct business in Vietnam. Mr A. Vernon Weaver, at that time the Vice-President for Operations in the Pacific Rim of Stephens Investment and a member of the Board of Visitors at the U.S. Naval Academy was instrumental in arranging an upgrade of the position of Commandant of the U.S. Naval Academy from two stars to four stars. Former U.S. Navy officers, Senators John Kerry and John McCain supported this reorganization. Rather than the planned retirement, Admiral Larson was quickly transferred to begin a four year tour at the Naval Academy.

President Clinton then appointed VFW Commander-in-Chief, Allen "Gunner" Kent of the VFW to a senior position in the Veterans Administration (VA). After working on the transition team of former Secretary Ron Brown at the Commerce Department, Ms Francis Zwenig was appointed as Vice-President of the U.S. Vietnam Trade Council. Shortly thereafter, the Council took control of the Mekong Di-

gest, formerly the Vietnam Forum of the Vietnam Veterans Against the War. A friend of both President Clinton and Senator John Kerry and fellow anti-war activist from Georgia, Mr Charles Searcy, was appointed as a humanitarian aid representative for Vietnam, on a project jointly funded by the U.S. Government and the Vietnam Veterans of America Foundation headed by Mr Robert Muller, also a well-known anti-war activist. Vietnam then announced that it would issue its first real estate license to Senator John Kerry's cousin, Mr Stuart Forbes, CEO of the Boston-based Colliers International. Representative "Pete" Peterson was appointed by President Clinton as Ambassador to Vietnam. Senator John McCain became Chairman of the Senate Commerce Committee.

Mr John Huang, was ultimately appointed as Vice-Chairman of the national fund-raising committee of the Democratic Party. Mr Huang's fund raising efforts included a visit by Vice President Gore to a Buddhist Temple in California headed by Vietnamese born Summa Ching Hai, a long time associate of both Huang and Little Rock, AR restaurant owner Charlie Trii. Highly classified documents of the Vietnam Communist Party (VCP), recently declassified in the National Archives, indicate that the Religious Proselytizing Department of the VCP, code named V.417, successfully infiltrated cadre into the Buddhist Sect in the former Republic of Vietnam during the 1960's. According to the Chairman of the Washington, D.C., Maryland and Virginia Vietnamese Association, some of the cadre mentioned in the documents have since arrived in the U.S. as refugees. These same cadre, currently in leadership positions in the Buddhist Sect in California, now profess to be staunch anti-communists. Testimony from members of the staff at the temple involved in the fund-raising, as well as numerous others involved, indicate that those participating in the scheme of Huang were well aware that the sole purpose of the visit by the Vice President was to raise money for the Clinton-Gore campaign. In fact, the only person involved who has publicly claimed to be unaware that the event was a fund raiser is Vice President Gore himself.

Although considerable questions remain unanswered some of the key people involved, Mr John Huang, Admiral Larson, Ms Virginia Foote, Ms Francis Zwenig or Mr A. Vernon Weaver have never testified in Congress. More recently the Justice Department has authorized the appointment of an additional Special Counsel to investigate allegations of illegal business transactions between Labor Secretary Alexis Herman and Vanessa Weaver. Hopefully, this investigation will uncover additional leads for Congressional Committees to follow in the days ahead.

Contrary to the glowing assessments by the Clinton Administration, MIA family member organizations have maintained that Vietnam could rapidly account for many more missing servicemen if it made the political decision to do so. I believe that there is ample evidence in U.S. files that Vietnam does possess this capability. Against opposition by MIA family member organizations and major veterans organizations, including the American Legion, Vietnam Veterans of America, the National Vietnam Veterans Coalition, American Veterans, and the Disabled American Veterans, President Clinton recently waived the Jackson-Vanik Act in order to provide monetary benefits to Vietnam. Such benefits include Export-Import Bank financing and Overseas Private Investment Corporation (OPIC) insurance. Obviously, both important steps are directed at obtaining Most Favored Nation (MFN) trading status for Vietnam.

During my tour as Chief of the U.S. Office for POW/MIA Affairs in Hanoi I was constantly mindful of the French experience in Vietnam. I was also painfully aware of the plight of some 70 million Vietnamese citizens regarding basic human rights. Relying on a wealth of information contained in U.S. Government files and based on my own experiences in dealing with Vietnam over many years I carefully evaluated the actual level of cooperation rendered by Vietnam on a routine basis. I truthfully and accurately reported those assessments to my superiors. At times, my candidness during congressional hearings here in Washington, D.C. resulted in my being denied a re-entry visa to return Vietnam from those hearings, and it was only intervention by your prestigious body that enabled me to resume my duties in Hanoi.

Today I do not have to be concerned about how my remarks will be received by my superiors here in the U.S. Government, or by the Communist Party in Hanoi. Hopefully, I have provided some insight concerning how our political process can be manipulated by foreign entities. I am optimistic that this information, as well as information to be provided by witnesses involved in other aspects of the U.S.-Vietnam relationship, will help your Committee convince our leadership that profit must not come before principle in the development of commercial ties with the Vietnam.

Organizations lobbying for increased financial benefits to Vietnam, especially Overseas Private Investment Corporation insurance are well aware that the Communist Party of Vietnam, not the government of Vietnam runs that country. They

are clamoring for your Committee to move ahead in U.S.-Vietnam relations. They are telling the families of the missing men that they should trust the Communist Party to provide an honest accounting. They are telling the Vietnamese people that they should trust the Communist Party in future progress for human rights. Mr Chairman, if these lobbyists have so much trust in the Communist Party of Vietnam, then why do they need government sponsored insurance such as OPIC to protect their investments?

You may recall that during the Proselytizing Department's campaign to rapidly normalize relations while feigning improvement on POW/MIA accounting and human rights glib statements such as "its the economy stupid," and "Vietnam is not a war, its a country" were often attributed to a number of government officials and members of Congress returning from fact finding missions to Vietnam. I hope your Committee will agree that statements such as "its the missing servicemen and human rights stupid," and "Vietnam is not a war, its a socialist republic" are far more appropriate statements to make.

That concludes my testimony, I greatly appreciate the opportunity to testify before your distinguished Committee.

**Statement of Caterpillar Inc.**

Caterpillar Inc. is pleased that United States continues to take steps to strengthen the trade relationship between Vietnam and the US by seeking renewal of Vietnam's waiver under the Jackson-Vanik amendment to the Trade Act of 1974. This action stands to benefit the people of both countries.

We're hopeful that trade relations between the United States and Vietnam—including export opportunities supporting U.S. jobs—will grow significantly over the coming years as relations between our two countries continue to improve.

The first evidence of this growth is encouraging. Prior to the initial Jackson-Vanik waiver issued in March of this year, Caterpillar was at a distinct disadvantage in Vietnam due to the fact that most of our global competition had access to government-backed financing, credit or credit guarantees. Since the waiver, Caterpillar has applications pending with the Trade and Development Agency (TDA), Export-Import Bank (ExIm) and the Overseas Private Investment Corporation (OPIC) for projects that will improve the infrastructure of Vietnam and the quality of life of its people.

These projects will not bear fruit if the Jackson-Vanik waiver is defeated. In light of the progress being made, Caterpillar strongly urges Congressional support for the waiver of Jackson-Vanik for Vietnam.

Caterpillar Inc. is the world's leading manufacturer of construction and mining equipment, natural gas engines and industrial gas turbines, and is a leading manufacturer of diesel engines. Headquartered in Peoria, Ill., the company exported a record $6.12 billion worth of products from the United States during 1997.

**Statement of Hon. Lane Evans, a Representative in Congress from the State of Illinois**

Mr. Chairman, thank you for the opportunity to testify before the Committee.

The Committee's upcoming vote on waiving the Jackson-Vanik amendment for Vietnam is among one of the more important you will consider this year. And it comes at a special moment in our relationship with Vietnam. If we make the right choice, we can encourage reforms that may lead to an open and prosperous Vietnam. However, if we make the wrong choice, we will send a signal that the US is not willing to follow through on its commitment to reward reform with better relations. That is why this vote is so important.

We must remember that closer ties between our nations have been a catalyst for needed economic and societal reforms. They have also led to significant progress on issues our nation has been pursuing with the Vietnamese for some time. Of primary importance has been our efforts to account for our missing in action from the war. Vietnam has been providing a high level of cooperation in our efforts to account for our missing. The Joint Task Force-Full Accounting (JTF–FA), our military presence in Vietnam dedicated to this mission, is receiving the logistical support it needs from the Vietnamese in addition to access to witnesses and archival information. JTF–FA search teams are allowed to travel throughout the country at will to pursue leads or excavate for remains. These efforts have led to concrete results. Since 1993,

233 remains have been repatriated and 97 remains identified. In order to maintain the access that is so critical to the in-country mission of the JTF–FA, we must remain engaged with the Vietnamese government.

In addition, our government has pushed the Vietnamese to reform its emigration policy under the Resettlement Opportunity for Vietnamese Returnees (ROVR) program. While there were initial concerns over the implementation of the program, Vietnam has made substantial progress. As of June 8, 1998 Vietnam has cleared for interview over 15,000 of the almost 19,000 (or 81 percent) of applicants for the ROVR program. As of this date, 3,119 Vietnamese have come to the US under the program, just over a year since the US and Vietnam signed the ROVR agreement.

However, we cannot expect continued cooperation from the Vietnamese on these and other issues if we continue to promise better ties without taking steps to strengthen the relationship between our two nations. The waiver of the Jackson-Vanik amendment is crucial in this regard.

This move will not prevent our nation from exercising the leverage necessary to pressure the Vietnamese for progress on important issues. Congress would still have to review the waiver annually. This would more than insure that Vietnam would have to carefully consider the ramifications of policy decisions, especially in the area of emigration, that effect US interests.

While we fully recognize that Vietnam still has a long way to go in terms of improving its human rights record and achieving needed economic reforms, we believe that achieving closer relations is the best way to eventually achieve these goals as well as serve long-term US interests in the region. Now is the time to move forward, not backwards, in promoting a better climate between our two nations. Our former colleague and now Ambassador to Vietnam, Pete Peterson, recently stated: "America's constructive engagement with Vietnam benefits both nations. Renewing the Jackson-Vanik waiver is crucial for keeping that relationship on track: It will enhance our commercial ties and help our efforts to achieve fullest possible accounting for American POWs and MIAs."

As a former prisoner of war, Ambassador Peterson's support for promoting conciliation and closer ties speak volumes to the potential of what our nation can achieve in Vietnam. I hope that you take his thoughts to heart and support the waiver of the Jackson-Vanik amendment for Vietnam. Thank you.

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ANDRE SAUVAGEOT
HANOI
*June 22, 1998*

Congressman Philip M. Crane
Chairman, Subcommittee on Trade
House Committee on Ways & Means

Dear Congressman Crane:

I am Andre Sauvageot, residing in Hanoi, as the Chief Representative for General Electric in Vietnam. I have held this position for over 5 years. I am submitting the following 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.

From 1976 to 1978 I was assigned to the Department of Health, Education & Welfare, as an Assistant Director to the Indochina Refugee Assistant 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 of 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 Government throughout my mission.

II. *Lessons Learned from Experience Prior to GE Employment*

My long involvement in Vietnam has given me a profound respect for the Vietnamese. I believe that Vietnamese pragmatism, flexibility and intelligence makes it a country which is very amenable to constructive engagement. My own observation, supplemented by the opinion of Department of Defense experts working the issue full time have led me to conclude that cooperation on the MIA/POW issue is excellent and has increased as the U.S.-Vietnam relationship expands. The same is true on a range of other commercial and human rights issues. Progress on all issues is positively correlated with improvements in the overall relationship based on the principle of mutual benefit.

III. *General Electric in Vietnam*

*A. Establishing the GE Representative Office*

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 by 18 June '93 for the main office in Hanoi and by 19 August '93 for a branch office in Ho Chi Minh City.

*B. Difficulties and Opportunities in doing business in Vietnam*

(a) *Difficulties*—It comes as no surprise that doing business in Vietnam is tough sledding. How could it be otherwise? A country which has until comparatively recently been ravaged by war and constrained to meet continued challenges to its national security cannot move very quickly from feudalism through Soviet-style state socialism to a market economy.

The specific problems with an underdeveloped banking system, underdeveloped legal and physical infrastructure, lack of transparency and corruption are serious and combine to make it relatively 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.

Added to that, the lack of domestic capital and severely limited national budgets constrain the Vietnamese and their foreign business partners or providers to providers 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. It is a market for marathon runners with an in-country presence—not for sprinters, especially those who merely sprint in and out of Vietnam.

(b) *Opportunities*—The good news outweighs the bad news. Vietnam offers a stable, predictable environment. The 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, a literate, intelligent, trainable workforce are durable, valuable and more significant than the ephemeral difficulties which so frustrate foreign companies doing business in Vietnam.

These strengths are the ingredients by which Vietnam will effectively address its shortcomings. Vietnam will succeed. The only question is which companies from which countries will grow their businesses in Vietnam, in short will grow with the country.

*C. Accomplishments by some GE Businesses*

To illustrate this, lets turn to the specific accomplishments and near-term opportunities of GE Businesses in Vietnam. Several of GE's 12 major businesses, each with its separate headquarters in the United States, have already successfully entered Vietnam's market.

(a) *GE Medical Systems (GEMS).*—Medical Systems, a global Business, headquartered in Milwaukee, Wisconsin was the first of GE's 12 major businesses to begin doing business in Vietnam, because in April 1992, former President Bush exempted certain kinds of humanitarian items including medical equipment, from the Trade Embargo.

Since 1993, GEMS has been selling ultrasound and x-ray equipment against stiff competition from long established foreign competitors including Siemens from Germany and some Japanese companies. Even so, GEMS has sold nearly $10 million worth of high quality medical equipment to Vietnamese hospitals throughout the country. This includes some very modern Magnetic Resonance Imaging (MRI) equipment manufactured in Wisconsin.

(b) *GE Aircraft Engines (GEAE)*.—GE Aircraft Engines, headquartered in Cincinnati, Ohio regards the Vietnam Airline (VNA) as an important customer with tremendous growth potential. VNA airline has selected GE engines with an aggregate value of some $162 million, to power its entire small fleet of Boeing and Airbus aircraft. Specifically,

—CF6–80C2B7F engines on Vietnam Airlines (VNA) 3 Boeing 767–300ER aircraft;

—CFM56–5B4 engines on all 10 VNA Airbus Aircraft. This is a joint venture engine with SNECMA from France. Half the engine is manufactured in Cincinnati and half in France.

(c) *GE Capital Aviation Services (GECAS)*.—One of the 27 major branches of GE Capital Services, headquartered in Stamford, Connecticut, GECAS has dry-leased 3 new Boeing 767–300ER aircraft to the Vietnam Airline for a period of 5 years.

(d) *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. During tough international bidding GETS won the following contracts in Vietnam:

—First ever gas compressors ($12 million) for the White Tiger field to bring in gas from off shore;

—Generator ($15 million) for Ham Thuan 300MW hydro plant (bid won February 1998);

—Steam turbines and generators ($42 million) for Pha Lai–2 600MW thermal, coal-fired power plant;

(e) *GE Transportation Systems (GETS)*.—Headquartered in Erie, Pennsylvania, GETS manufactures locomotives and parts and components for its locomotives. In Vietnam GETS has won international bids two years in a row (1996-'97) to provide parts/components to the Vietnam Railways (VR) for overhaul and upgrade of its old GE diesel locomotives.

The VR appreciates the high quality and competitive price of GE's new locomotives. GE is trying to find a funding sources for a new locomotive purchase. GETS expects to present a proposal in August for an initial purchase of 5–7 new locomotives, for some $10-$15 million in turnover. Winning this contract would position GETS for down stream sales of some 80–100 new locomotives, representing revenue in excess of $200 million in revenue and continued jobs for workers in Erie.

(f) *GE Lighting (GEL)*.—GE Lighting, headquartered in Cleveland, Ohio is off to a reasonably good start with annual sales running over $1 million.

(g) *GE Industrial Control Systems (GEICS)*.—GE Industrial Control Systems is a global business, headquartered in Salem, Virginia. GEICS will provide the generator control equipment for the 300MW Ham Thuan hydro power plant.

*D. Immediate GE Opportunities and Impact of Jackson-Vanik Waiver*

(a) *Thac Ba Hydro Plant Upgrade*.—Electricity of Vietnam (EVN) has decided to upgrade a 30-year old Soviet-built hydro power plant named Thac Ba. The project is "supplier credit" that is the contractor must present a competitive financing proposal. GE's competitors include ABB (Switzerland/Sweden); Siemens (Germany) and GEC Alstrom from France.

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

GE requested financial assistance from Eximbank in support of its bid to supply equipment for the Thac Ba Project. Eximbank has provided GE a Letter of Interest which indicates a willingness of the Bank to consider making such assistance available if EVN should award a contract to GE and if an appropriate repayment guarantee is provided by the Government of Vietnam.

The $10 million would be for the purchase of turbine and generator control equipment manufactured by American workers in Salem, Virginia. Moreover, winning this contract could help GE position itself for further wins in Vietnam's growing hydro power market. Thac Ba could be an important stepping stone to Son La, a giant 4,000MW hydro power plant for which the planning is already quite advanced.

However, if the President's renewal of Jackson-Vanik is not sustained, GE would be immediately eliminated from further pursuit of this project. We would not even be able to recoup the money already spent on travel and conducting the feasibility study for the project. Worse, the contract would be awarded by default to a foreign company and GE's position for future contracts would be weakened.

Currently, Vietnam has many alternatives. In the event that GE is eliminated from the project because the Jackson-Vanik waiver is not sustained, Vietnam will still be able to complete the upgrade on time with an acceptable, feasible proposal.

(b) *Other Large Projects*.—Perhaps counter-intuitively, failure to sustain the President's renewal of the Jackson-Vanik waiver can greatly damage GE's chances against foreign competition on projects for which ODA funding is available and for which U.S. Eximbank financing is neither available nor desired.

For example, assume Vietnam's largest donor country, Japan, is funding a large project and GE happens to be competing with a Japanese company in this context. Even though Japan's aid is "untied," should both the GE proposal and the Japanese company's proposal be technically and economically feasible, political considerations could become a factor in determining Vietnam's national interest. In summary, diminished U.S. involvement results in less U.S. leverage.

IV. *Conclusion*

Experience strongly suggests that as the 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 highly appreciate the active support for American business and the American worker which we have received from Ambassador Peterson in Hanoi.

We will also continue our active involvement with such organizations as the U.S.-Vietnam Trade Council; U.S.-Asian-Pacific Council of American Chamber of Commerce in Vietnam.

I believe that the most rigorous analysis suggests that there is no conflict in pursuit of GE's commercial objectives in Vietnam and other objectives. In fact, they are positively correlated.

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JEFFERSON WATERMAN INTERNATIONAL
WASHINGTON, DC 20005
*June 23, 1998*

The Hon. Phil Crane, Chairman
Subcommittee on Trade
Committee on Ways and Means
U.S. House of Representatives
*1104 Longworth House Office Building*
*Washington, D.C. 20515*

Dear Chairman Crane,

I am writing to express strong support for the continuation of the Jackson-Vanik waiver with respect to Vietnam. I urge the Committee to oppose any disapproval resolutions with respect to the Jackson-Vanik waiver for Vietnam.

The President's initial waiver of this provision earlier this year, and his request to renew this waiver on June 3, are important to US firms for several reasons. First, the waiver paved the way for US firms to gain access to the Export Import (ExIm) Bank and the Overseas Private Investment Corporation (OPIC). With many of our fiercest competitors already doing business in Vietnam using their national export credit and investment finance agencies, US firms have been operating at a severe disadvantage. Unlocking Vietnam to US companies using the tools of the ExIm Bank and OPIC levels the playing field.

Second, the waiver has strengthened our hand in negotiating a sound bilateral trade agreement, which will lead to the establishment of normal trading relations and, ultimately, Vietnam's accession to the WTO. By making this first step toward the normalization of commercial relations, the President has signaled his interest in fostering a strong economic partnership with Vietnam.

The waiver is also important in advancing other foreign policy issues, such as those pertaining to refugees or cooperation with POW/MIAs. Administration officials, including Ambassador Pete Peterson, have noted that the Government of Vietnam has dramatically increased its cooperation on these issues in recent years. I agree with the Administration that a continuation of the Jackson-Vanik waiver on Vietnam would advance this policy of engagement, which will bring about even closer relations.

You should also remember that the Administration's decision to waive Jackson-Vanik with respect to Vietnam, thus lifting prohibitions on OPIC and ExIm Bank activity there, is a breath of fresh air in the increasingly stifling atmosphere on sanctions. As you know, the recent proliferation of unilateral economic sanctions has chilled much commercial activity at questionable benefit to US foreign policy. You

have been a leader in congressional efforts to reform the process by which sanctions are imposed. The waiver on Vietnam is an important step in the right direction that must be enthusiastically embraced and vigorously defended.

On a final note, I would point out that the Jackson-Vanik process has become increasingly anachronistic. Although it once reflected a cogent freedom of emigration policy directed at the Soviet Union and other communist states, this rationale seems to have crumbled along with the Berlin Wall. In an attachment, I have listed the 18 countries currently subject to the conditions and penalties of Jackson-Vanik. All but five have been granted full certifications acknowledging that they provide freedom of emigration. Three others have been granted waivers—some for many years. Only Cuba and North Korea—two countries subject to layers of other federal sanctions—are feel the full penalties of Jackson Vanik. With this in mind, the Jackson-Vanik conditions seem to have lost their relevance.

Moreover, the conditionality imposed by Jackson-Vanik is at odds with the unconditional application of MFN treatment for out WTO trading partners. So far, Mongolia is our only trading partner who is both a WTO member and whose MFN is conditioned by Jackson-Vanik. As a result, we cannot fully apply the WTO to that country. As more and more Jackson-Vanik countries accede to the WTO, we will be forced to assume non-application policies with other trading partners. For a country that has been a leader in formulating and implementing the WTO, and that has vigorously championed the concept of liberalized trade, this is unacceptable.

I applaud you on your effort to update the term of "most favored nation" trading status. As the Jackson-Vanik amendment celebrates its 25th birthday next year, I would encourage you to update this tired policy as well.

Sincerely,

STEPHEN LAMAR
*Sr. Vice President*

Attachment

**Jackson-Vanik Countries**

COUNTRIES SUBJECT TO FULL PENALTIES UNDER J–V

Cuba
North Korea

COUNTRIES SUBJECT TO ANNUAL JUNE J–V WAIVER

Belarus (1)
China (2)
Vietnam (3)

COUNTRIES THAT HAVE BEEN GRANTED FREEDOM OF EMIGRATION DETERMINATIONS

Albania (4)
Armenia (5)
Azerbaijan (5)
Georgia (5)
Kazakhstan (6)
Kyrgyzstan (6)
Moldova (5)
Mongolia (7)
Russia (8)
Tajikistan (6)
Turkmenistan (6)
Ukraine (5)
Uzbekistan (6)

NOTES:

1. The President granted an initial Jackson-Vanik waiver on April 16, 1992.
2. The President granted an initial Jackson-Vanik waiver on October 23, 1979. Although Congress has had several opportunities to vote to overturn this waiver, it has never succeeded in doing so.
3. The President granted an initial Jackson-Vanik waiver on March 11, 1998.
4. The President determined that Albania was in "full compliance" with Jackson-Vanik on December 5, 1997.
5. The President determined that these countries were in "full compliance" with Jackson-Vanik on June 3, 1997.
6. The President determined that these countries were in "full compliance" with Jackson-Vanik on December 5, 1997.
7. The President determined that Mongolia was in "full compliance" with Jackson-Vanik on September 4, 1996. Legislation (HR 2133, S. 343) is now pending that would remove Mongolia from the list of countries subject to Jackson-Vanik.

8. The President determined that Russia was in "full compliance" with Jackson-Vanik on September 21, 1994.

Source: Legis; Jefferson Waterman International; Compilation of US Trade Statutes, House Ways and Means Committee, 1997; Presidential Documents from White House Web Site.

Last Updated: May 6, 1998

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NATIONAL ASSOCIATION OF MANUFACTURERS
WASHINGTON, DC 20004–1790
*June 17, 1998*

The Honorable Phil Crane, Chairman
Subcommittee on Ways and Means
U.S. House of Representatives
*1104 Longworth Building*
*Washington, DC 20515*

Dear Chairman Crane,

On behalf of the members of the National Association of Manufacturers (NAM), I am writing to express strong support for continuation of the Jackson-Vanik waiver for Vietnam.

The President's renewal of this waiver is important to U.S. manufacturers for several reasons. First, the waiver allows American businesses access to the services of the Export Import (Ex-Im) Bank and the Overseas Private Investment Corporation (OPIC), which is crucial to the success of U.S. exporters and investors. Continued Ex-Im and OPIC financing means that U.S. firms would be able to compete on a level playing field with those foreign firms that are already conducting business in Vietnam with the full support of their governments.

Second, the waiver shows the commitment and interest of the United States in normalizing economic relations with Vietnam. By granting most-favored-nation status to Vietnam, the United States strengthens its position in negotiating a solid bilateral trade agreement, which will eventually lead to Vietnam's accession to the World Trade Organization (WTO). Both of these mechanisms are vital to Vietnam's becoming a sophisticated, market-oriented and responsible player in the world marketplace.

The waiver is also important to advancing other key foreign policy issues, such as those pertaining to human rights. Vietnam has noticeably increased its cooperation in recent years on these matters. By continuing the Jackson-Vanik waiver, the United States would remain actively engaged with Vietnam, which would help to strengthen the bilateral relationship.

Therefore, we urge you and the members of the Committee to vote against disapproval resolutions with respect to the Jackson-Vanik waiver for Vietnam.

Sincerely,

HOWARD LEWIS III
*Vice President, Economic Policy*

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VIETNAM VETERANS OF AMERICA FOUNDATION
WASHINGTON, DC 20009
*June 18, 1998*

The Honorable Philip M. Crane
Member, House of Representatives (R–Illinois)
Chairman
Subcommittee on Trade
*House Ways and Means Committee*
*Washington, D.C. 20515*

Dear Mr. Crane,

The purpose of this testimony is to voice Vietnam Veterans of America Foundation's (VVAF) full support for the extension of the waiver of the Jackson-Vanik amendment for Vietnam. Extension of this waiver is a critical step as the United States and Vietnam continue to develop trusting and mutually beneficial diplomatic

relations and strive for normalized economic relations. By not extending this waiver, the United States will severely harm American economic and political interests in Vietnam. It will also send the wrong message to the world that our country will not provide consistent leadership to developing and reform-minded countries who look to the United States for guidance and support during these often difficult transitions.

VVAF has been returning to Vietnam on a regular basis for over 17 years and opened an office in Hanoi in 1995. Beginning with the establishment of a children's rehabilitation clinic in Hanoi three years ago, VVAF continues to operate and develop humanitarian programs to help the Vietnamese people improve their standard of living. VVAF will soon open an adult prosthetics clinic and is establishing a mobile medical outreach program to serve disabled persons residing in outlying provinces. VVAF leadership in the United States and in Vietnam continues to work with American and Vietnamese governmental, educational and humanitarian organizations to improve relations at all levels.

Beginning with trips to Vietnam in the 1980s, through the present, we have seen Vietnam make great progress on many important issues. Progress has significantly increased in recent years as the United States decided to engage rather than isolate Vietnam. Since the United States opened a dialogue with Vietnam to attempt to resolve MIA, emigration, and other issues, the Vietnamese have responded in a positive and pro-active manner. Excellent progress has been made in every area and the pursuit to attain the fullest possible accounting for American service persons missing in action in Vietnam has become a normalized process for both sides.

As an organization that has been involved in many important issues between Vietnam and the United States for nearly twenty years, we are familiar with strong feelings by individuals and groups with differing views on relations with Vietnam. As it has been a full generation since our military involvement in Vietnam, it is critical that as we move toward the future, we base our relationship with Vietnam on shared values and common interests, not on historical political differences. If we continue to be haunted by the ghosts of the past, a constructive relationship will never develop.

American companies entered the Vietnamese market late and are just beginning to catch up to their European and regional competitors. Not renewing this waiver would set these companies back considerably. In the midst of the Asian financial crisis, American companies have unique opportunities to provide leadership and stability in the region. Additionally, American companies operating in Vietnam provide considerable support for VVAF humanitarian projects in Vietnam. Not renewing this waiver would result in a significant decrease in U.S. corporate support for VVAF's programs, ultimately hurting the Vietnamese people.

I urge you, Mr. Chairman, to carefully consider the many consequences associated with a non-renewal of the Jackson-Vanik amendment waiver for Vietnam. The victims of a non-renewal would include American citizens who are looking toward a better future, American companies that depend on U.S. governmental support to compete in the global market, Vietnamese citizens who receive humanitarian aid or work for U.S. companies, and the integrity of the American political system. Extending this waiver will create winners instead of victims and will show America, Vietnam and the world that the United States is committed to providing dependable and predictable global leadership.

Sincerely,

ROBERT O. MULLER
*President*

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**Statement of Willard A. Workman, U.S. Chamber of Commerce**

The U.S. Chamber of Commerce appreciates the opportunity to submit this statement of strong support for the extension of the Jackson-Vanik waiver for Vietnam. I am Willard A. Workman, Vice President of the International Division at the U.S. Chamber.

The U.S. Chamber believes that building a solid commercial foundation for our relationship with Vietnam will encourage cooperation on the full range of issues in our bilateral relationship, from emigration to a full accounting of American POWs and MIAs. Cooperation could be put at risk if the Jackson-Vanik waiver were withdrawn. For these reasons, we applaud the Trade Subcommittee's vote on June 23 to report adversely the resolution to disapprove the Jackson-Vanik waiver.

The U.S. Chamber is the world's largest business federation, representing more than three million businesses and organizations of every size, sector and region. Many U.S. Chamber members are reentering Vietnam for the first time in 20 years. Other members are entering Vietnamese markets for the first time ever.

The U.S. Chamber is doing its part to foster commercial ties with Vietnam. To accommodate the growing interest of our members in Vietnam and Southeast Asia, the U.S. Chamber has added staff and devoted new resources to expanding our Asia division. We also have facilitated business contacts by hosting events at the U.S. Chamber for officials from the U.S. embassy in Vietnam and the Vietnamese embassy in Washington, DC. In the fall, the U.S. Chamber plans to switch roles from host to visitor and send a delegation to Vietnam to meet with American companies operating locally.

## POTENTIAL OF THE VIETNAM MARKET

The attraction to the Vietnamese market is simple: it holds huge potential for American business. At present, two-way trade is worth approximately $1 billion. This modest number reflects the fact that the trade embargo was lifted only a few years ago and that the average GNP per capita in Vietnam is barely over $300, according to World Bank figures. Yet, annual growth rates have averaged 8 to 9 percent despite the limitations of a centrally planned economy. This growth rate coupled with a population of 78 million, the second largest in Southeast Asia, presents large market opportunities over the long term.

In addition, there are significant demographic and cultural changes in Vietnam that could benefit American business. Over half of Vietnam's population is under the age of 25 years old. The younger generation has been exposed to foreign consumer brands in stores, on the radio and even on MTV. Increasingly, the brands are American. In addition, English has replaced French and Russian as the second most common language in Vietnam, largely because of the interest of the younger generation. This will help American business target the younger generation as they become more prosperous.

If we fail to remain engaged with Vietnam, we will cede the potential of this market to competitors in Europe, Japan and other parts of Asia. Foreign firms operating in Vietnam already have a head start over American companies. The United States is only the eighth largest investor in Vietnam with $1.2 billion worth of capital. Singapore, Taiwan, Hong Kong and Japan are the top investors with an average of $4 billion worth of capital.

In addition, American companies operating in Vietnam only recently have obtained access to U.S. trade promotion programs at the U.S. Export-Import Bank (ExIm) and the Overseas Private Investment Corporation (OPIC). These agencies require the Jackson-Vanik waiver in order to extend their programs to Vietnam. If the waiver were revoked, access to U.S. trade promotion programs would end, and American companies would be placed at a competitive disadvantage in relation to foreign competitors.

Like China, the Vietnamese economy will continue to grow at a rapid pace provided that Vietnam's leadership remains firmly committed to carrying out economic reform. The financial crisis in Asia could strengthen the hand of those who do not support market-opening. Conservative party members in Vietnam argue currency and capital controls have sheltered the country's economy from the turmoil in the region. Commercial engagement sends a countervailing message that there are benefits from opening markets.

## CHALLENGES CONFRONTING AMERICAN COMPANIES IN VIETNAM

The U.S. Chamber understands the challenge of doing business in Vietnam. The Vietnamese economy is undergoing a slow transformation from a centrally planned economy, which has resulted in confusing and contradictory regulations, foreign exchange shortages, new taxes and red tape. Corruption also continues to be a problem in many areas. The frustrations of some U.S. Chamber members have been widely publicized.

Commercial engagement with Vietnam works on two levels to address these problems. At a local level, U.S. Chamber members help to promote fundamental rights wherever they operate by establishing benchmarks for corporate practices in such critical areas as personnel management, corporate citizenship, fairness and equal opportunity. Many companies have made their commitments explicit through a corporate statement of principles. This has had a positive impact on Vietnamese workers and local government officials.

In addition, the United States and Vietnam are engaged in the process of negotiating a broad commercial agreement, which is a prerequisite to extending most-

favored-nation (MFN) status on a mutual basis. (MFN status is the normal trade treatment that the United States provides to almost all of its trading partners.) The commercial agreement will have four major components: market access, services, investment and intellectual property. It will impose trade-related disciplines on Vietnamese authorities and bring Vietnamese law closer to international trade norms. The agreement also will lead to greater transparency in commercial dealings.

Because Congress will have an opportunity to vote on the final agreement, we urge Members to make it clear that the Administration should seek commitments from Vietnam that are compatible with the disciplines under the World Trade Organization (WTO), especially in the areas of investment, technical barriers to trade, subsidies and intellectual property. Not only will this provide more protection for American businesses in Vietnam, but it also will facilitate Vietnam's accession to the WTO and avoid the marathon negotiations that have characterized bilateral talks with China over WTO accession.

Failure to extend the Jackson-Vanik waiver, however, could undermine progress made to date in our trade negotiations. It also could send the message to the Vietnamese government that we are not committed to continuing on the path to full normalization, which might jeopardize progress on other bilateral issues. Attached are two recent letters from the U.S. Chamber to the leadership in the Senate and House voicing this concern.

COMMERCIAL ENGAGEMENT WITH VIETNAM YIELDS POLITICAL BENEFITS

The U.S. Chamber is sensitive to the legacy of the Vietnam War. The U.S. government's priority is, and should continue to be, obtaining the fullest possible accounting of American servicemen missing from the war. Concerns also exist about emigration, human rights and religious freedoms in Vietnam.

Commercial engagement provides the United States with leverage to encourage continued cooperation. Vietnam has already demonstrated its desire to shed its outsider past. It has joined the Association of Southeast Asian Nations; will accede to the Asia-Pacific Economic Cooperation (APEC) forum this fall; and has tabled its first substantive proposal as part of negotiations to join the WTO. In addition, the Vietnamese government has expressed a strong interest in obtaining MFN status from the United States.

There is strong evidence that the policy of commercial engagement has worked. The purpose of the Jackson-Vanik amendment is to encourage a free emigration policy in communist countries. Since the Administration normalized relations with Hanoi, Vietnam has cleared for interview over 80 percent of all remaining applicants of the Resettlement Opportunity for Vietnamese Returnees agreement. On the day that the President announced his decision to extend the Jackson-Vanik waiver, the Vietnamese government announced that it would permit U.S. officials to interview all emigration applications under the Orderly Departure Program for an ethnic group known as the Montagnards.

Commercial engagement also provides the United States with several "sticks" to use in the unlikely event that Vietnam abruptly changes its policies. Even after a commercial agreement is completed and approved by Congress, the President may still revoke MFN treatment if he determines that Vietnam is not cooperating with U.S. efforts to achieve a full accounting of military personnel lost during the Vietnam War.

CONCLUSION

The U.S. Chamber strongly endorses extending the waiver of the Jackson-Vanik amendment to Vietnam. The decision will strengthen U.S.-Vietnam commercial ties to the benefit of U.S. Chamber members across America and their employees. Commercial engagement also provides a solid foundation for progress on other bilateral issues such as the conclusion of unsolved POW/MIA cases, emigration matters and human rights. Clearly, revoking the waiver at a time when Vietnam has been willing to cooperate on a broad spectrum of issues could jeopardize future progress and undermine U.S. leverage.

On behalf of the U.S. Chamber of Commerce, thank you for providing the opportunity for us to express our support for upholding the Jackson-Vanik waiver for Vietnam and continuing a policy of commercial engagement.

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

R. BRUCE JOSTEN
EXECUTIVE VICE PRESIDENT
GOVERNMENT AFFAIRS

1615 H STREET, N.W.
WASHINGTON, D.C. 20062-2000
202/463-5310

June 9, 1998

The Honorable Newt Gingrich
Speaker of the House
H-232 Capitol Building
Washington, DC 20515

Dear Mr. Speaker:

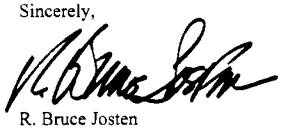
The U.S. Chamber of Commerce strongly supports the President's decision of June 3 to grant Vietnam a waiver of the "Jackson-Vanik" amendment. The decision ensures that American companies selling to Vietnam will have the support of many crucial export promotion programs.

We urge you to vote against legislation introduced on June 4 that would overturn the waiver for Vietnam. Passage of a disapproval resolution, such as H.J. Res. 120, would be a serious setback to U.S.-Vietnam commercial relations. Not only would American companies be unable to tap vital export promotion programs, but bilateral negotiations seeking commitments from Vietnam on market access, services, intellectual property and investment would be derailed.

Overturning the waiver would have important political implications as well. Vietnam has cooperated with efforts to search for American soldiers missing in action. The Vietnamese government also has satisfactorily implemented the Resettlement Opportunity for Vietnamese Returnees program. Such cooperation could be jeopardized if Congress passes a disapproval resolution.

The U.S. Chamber of Commerce believes that a policy of engagement with Vietnam is in our national interest. We urge you to demonstrate your leadership by supporting this policy and voting against any joint resolution of disapproval.

Sincerely,



R. Bruce Josten

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

R. BRUCE JOSTEN
EXECUTIVE VICE PRESIDENT
GOVERNMENT AFFAIRS

1615 H STREET N.W.
WASHINGTON, D.C. 20062-2000
202/463-5310

June 9, 1998

The Honorable Trent Lott
Majority Leader, United States Senate
S-230 Capitol Building
Washington, DC 20510-7010

Dear Senator Lott:

The U.S. Chamber of Commerce strongly supports the President's decision of June 3 to grant Vietnam a waiver of the "Jackson-Vanik" amendment. The decision ensures that American companies selling to Vietnam will have the support of many crucial export promotion programs.

We urge you to vote against legislation introduced on June 4 that would overturn the waiver for Vietnam. Passage of a disapproval resolution, such as S.J. Res. 47, would be a serious setback to U.S.-Vietnam commercial relations. Not only would American companies be unable to tap vital export promotion programs, but bilateral negotiations seeking commitments from Vietnam on market access, services, intellectual property and investment would be derailed.

Overturning the waiver would have important political implications as well. Vietnam has cooperated with efforts to search for American soldiers missing in action. The Vietnamese government also has satisfactorily implemented the Resettlement Opportunity for Vietnamese Returnees program. Such cooperation could be jeopardized if Congress passes a disapproval resolution.

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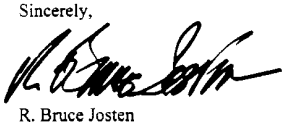
Sincerely,



R. Bruce Josten