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UNITED STATES SENATE
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Bilateral Trade Agreement with Vietnam

Thank you, Mr. Chairman. I am pleased today to join Mr. Davidson to discuss the U.S.-Vietnam Bilateral Trade Agreement, an important milestone in U.S.-Vietnam relations. Before beginning my remarks, I would like to express our thanks for your personal attention to helping us move forward in this important area of the bilateral relationship.

Today I want to discuss how the BTA fits into our overall policy toward Vietnam. I will outline our goals, how we see the current situation, and how the BTA can help.

The long-term objective of our Vietnam policy is a secure, stable, prosperous, and open Vietnam. This would be a country that builds upon the diverse views and strengths of its own people and can incorporate the best ideas from the outside world as well. We would like Vietnam to be integrated into regional and global institutions, helping it become a country that plays by accepted international rules, cooperating and competing peacefully within those rules. To reach our goals, we are working with Vietnam at every level and at every available opportunity to manage, if not resolve, specific differences and to work together on issues on which we take a common approach.

A secure Vietnam is a nation confident of its ability to defend its national interests. It works with its neighbors and partners to foster stability in the Asian Pacific region. It cooperates with others to counter transnational problems such as trafficking in women and children, the narcotics trade, and environmental degradation. A secure Vietnam has a dynamic economy, which offers its citizens an improving standard of living, opens its markets to imports and attracts investments, and exports competitively. A secure Vietnam demonstrates increasing respect for the internationally recognized

rights of its citizens, and it increases the security and prosperity of its neighbors.

Why do we want a secure Vietnam? The question almost answers itself. With a population of nearly 80 million people, Vietnam is the 13th most populous country in the world, the fourth largest in the Asia-Pacific region, and the second largest member of the Association of Southeast Asian Nations (ASEAN). Its workforce is expanding by 1.2 million people annually. It borders China, Laos, and Cambodia, and its maritime claims place it adjacent to six other countries important to the United States. As we have seen, Vietnam can be a source of regional instability, but it also has the potential to contribute to stability and security and to be an engine for regional economic growth.

Finally, an open Vietnam not only respects freedom of thought, expression and religion, but also recognizes that these freedoms benefit both its people and its government by ensuring that the best new ideas emerge and that old ideas are challenged and reconsidered. An open Vietnam respects the rights of its workers, including the rights to associate freely and to organize and bargain collectively. It welcomes new technologies, which expand the development and exchange of information and ideas.

Much needs to be done if we are to reach these goals. Today, Vietnam has made considerable strides forward, but has a long way to go. Improvement of human rights has been, and will remain, a vital part of our engagement with Vietnam. The Secretary of State, the Deputy Secretary, Ambassador Peterson, Assistant Secretary Kelly, and I have all made clear to Vietnam's leaders and its people how important human rights are to the United States. Our annual human rights dialogue has become a forum in which we hold frank and open discussions of the issues. The Memorandum of Understanding between the Department of Labor and Vietnam's Ministry of Labor, Invalids, and Social Affairs, signed last November, has created a flexible mechanism to assist Vietnam to meet its obligations as a member of the International Labor Organization, a task the Vietnamese government takes seriously.

These efforts have had some modest impact. Some prisoners of conscience have been released from prison, and individual believers of most religious groups enjoy greater freedom of worship. We have seen some signs of greater

freedom of expression. Last November, Vietnam ratified ILO Convention No. 182 on the Worst Forms of Child Labor, a significant step towards ratifying all eight ILO core labor standards conventions. The Congressional Research Service reports that, in the last 15 years, worker rights in Vietnam have substantially improved. As an example, the Congressional Research Service states that authorities are more tolerant of wildcat strikes, to the extent that workers have held over 450 strikes since 1993.

However, Vietnamese workers do not have freedom of association or the right to organize and bargain collectively. Since the beginning of this year, Vietnam has repressed demonstrations by ethnic minorities in the Central Highlands and dealt harshly with some dissident religious leaders. In private meetings and public statements, the Department has called for access to Vietnam's Central Highlands and for greater respect for religious freedom. We will continue to deliver this and similar messages, because Vietnam is nowhere near meeting international standards on human rights. No one in Vietnam, whether in the government or in the dissident community, will have any doubt where we stand.

We also need to encourage Vietnam to integrate into the community of economies that agree on the rules of trade and investment. This is one area where the BTA is key. Vietnam, in my view, has passed an important domestic as well as international milestone by signing the BTA. It could have passed up this opportunity, but Vietnam's leaders saw that an isolationist and confrontational approach would slowly but surely enervate Vietnam's economy and society. As a result, we have an opportunity to foster the integration of a poor country with great human potential--a country with close historical and increasing cultural ties with the United States--into the network of global institutions that will build a better future for both the United States and Vietnam.

Significantly, shortly after the BTA was signed, Vietnam's Trade Minister Vu Khoan stated that when the agreement entered into force, Vietnam would at last be equal, in terms of competitive access to the U.S. market, with America's oldest friends within ASEAN. Vietnam's entrance onto a more level playing field could foster its more active participation in forums, such as ASEAN and APEC, in which countries are cooperating to expand trade

and investment, to eliminate barriers, and to offer businesses and workers greater commercial opportunities. Both ASEAN and APEC offer Vietnam, which joined the ASEAN in 1995 and APEC in 1997, access to a wider peer group of countries that can serve as role models.

But a secure, stable, prosperous, and open Vietnam could also strengthen these organizations, especially ASEAN. Today, ASEAN, with a regional economy of nearly \$1 trillion, has begun recovering from the Asian Financial Crisis. The current slowdown in the world economy will affect the pace of progress, particularly if ASEAN countries leave needed reforms undone. ASEAN's economy grew by 3.1% in 1999, 5.1% in 2000, and is projected to sustain 4 to 5% growth in 2001 and 2002. Vietnam could contribute positively to economic growth in the region and add more value as it implements provisions of the BTA that reflect international economic norms.

We also want to involve Vietnam more broadly in global institutions that help preserve peace. Vietnam is just completing its first turn as Chair of ASEAN and the ASEAN Regional Forum (ARF); it will also be the ASEAN country responsible for sustaining the U.S.-ASEAN dialogue for the next two years. ARF, the only official regional security forum in East Asia, has provided a useful venue for the exchange of views on mechanisms to increase regional stability and security. We look forward to working with Vietnam to help strengthen the ARF as it considers how to develop its role in preventive diplomacy.

A significant regional challenge for ASEAN is the peaceful economic development of the Mekong River. Historically, it has been an area of conflict. Dialogue, confidence building, and investment, however, could transform the Mekong, which has the potential to link commercially six countries -- China, Burma, Thailand, Laos, Cambodia, and Vietnam. With vision and appropriate incentives, Vietnam could take a leading role toward bringing this vision to reality.

It is clear that the BTA can help Vietnam progress economically and can strengthen Vietnam's role in committing the region to liberal economic and trade policies.

The BTA also can help make Vietnam a more open society. Vietnam's commitments in the BTA to expand economic freedom, to increase government transparency and to apply the rule of law to commercial transactions will have positive effects throughout society. Congressional approval of the BTA starts the clock ticking on crucial economic reforms, which lay the foundation for broader changes in the future.

We hope that Vietnam will ratify the BTA as quickly as possible. To move the package forward, I strongly urge the Congress to quickly approve Senate Joint Resolution 16 and House Joint Resolution 51. Thank you.