S. HRG. 105–933

SOLUTION OF DISAPPROVAL OF THE JACKSON-VANIK WAIVER FOR VIETNAM

HEARING

BEFORE THE

SUBCOMMITTEE ON INTERNATIONAL TRADE

OF THE

COMMITTEE ON FINANCE

UNITED STATES SENATE

ONE HUNDRED FIFTH CONGRESS

SECOND SESSION

ON

S.J. RES. 47

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SOLUTION OF DISAPPROVAL OF THE JACKSON-VANIK WAIVER FOR VIETNAM

TUESDAY, JULY 7, 1998

U.S. SENATE,
SUBCOMMITTEE ON INTERNATIONAL TRADE,
COMMITTEE ON FINANCE,
Washington, DC.

The hearing was convened, pursuant to notice, at 10:00 a.m., in room SD–215, Dirksen Senate Office Building, Hon. Charles E. Grassley, (chairman of the subcommittee) presiding.

Also present: Senators Murkowski, Moynihan, Moseley-Braun, and Kerrey.

OPENING STATEMENT OF HON. CHARLES E. GRASSLEY, A U.S. SENATOR FROM IOWA, CHAIRMAN OF THE SUBCOMMITTEE

Senator GRASSLEY. I am going to call the hearing to order. The hearing will be a little bit slow getting started because we are in the middle of a roll call vote that should be ending any minute now. Our four colleagues who are on the first panel are over there voting.

But I am going to take advantage of this lull to make my opening statement, and call on my colleague, Senator Moynihan, for his.

We are going to hear today on President Clinton's recent decision to renew the waiver of Jackson-Vanik for Vietnam. The Jackson-Vanik amendments to the 1974 Trade Act requires that countries with non-market economies allow freedom of emigration in order to be eligible for U.S. credit and guaranty programs, and, ultimately, Most Favored Nation status.

However, the President has the authority to waive the Jackson-Vanik requirements if he finds that the waiver will substantially promote the objectives of freedom of emigration.

Finally, Congress can invalidate the Presidential waiver by adopting a disapproval resolution. A disapproval resolution called S.J. Res. 47 has been introduced in the Senate by Senators Helm and Smith, and that is the subject of today's hearings.

The most recent commercial relationship between the United States and Vietnam has a relatively short history. In 1994, the President lifted our longstanding trade embargo on Vietnam. In 1995, diplomatic relations were restored between the two countries.

President Clinton first waived Jackson-Vanik for Vietnam in March of this year, then renewed the waiver for 1 year on June 3.

Vietnam has also begun to integrate itself into the world trade community by joining the ASEAN group in 1995, and APEC earlier this year.

While some trade does occur between our countries, Vietnam remains one of six countries that does not enjoy Most Favored Nation status with our country. U.S. tariffs on goods imported from Vietnam currently range from 40 percent to 80 percent.

I do need to make clear that the President's waiver of Jackson-Vanik does not confer MFN status on Vietnam. Vietnam and the U.S. must still conclude a bilateral trade agreement, and the agreement must be approved by Congress before Vietnam could be eligible for MFN status.

However, the waiver does affect Vietnam's ability for assistance from the Export-Import Bank, the Overseas Private Investment Corporation, the Trade Development Agency, and credit guaranties from agencies within the Department of Agriculture.

If S.J. Res. 47 were adopted, these credit programs would no longer be extended to U.S. companies doing business with Vietnam. Later, we will hear from witnesses on the impact of ending this program on American business.

But the fundamental issue to be discussed today, is emigration. The law requires that a Presidential waiver must be supported by a finding that the waiver will substantially promote emigration.

It is incumbent on the administration to make the case that emigration improved after the March waiver, and will improve further as a result of this most recent waiver. Assistant Secretary of State Roth will be making this case, on behalf of the administration, on our second panel.

Aside from emigration, several other issues of concern with the Vietnamese Government will be discussed at this hearing. One that I have personally been involved with is the POW/MIA issue. The cooperation of the Vietnam in providing a complete accounting for those Americans still missing from Vietnam must remain the top priority of our relationship with Vietnam.

Although, technically, this is not a factor to be considered when determining whether to waive Jackson-Vanik, the POW/MIA issue is a defining issue between our two governments and it is appropriate that we explore the effect that the waiver may have on our ability to achieve full accounting of missing Americans.

Our first panel is comprised of distinguished members of the Senate, all of whom have a longstanding interest in Vietnam. The second panel will consist, as I have said, of Assistant Secretary of State Stan Roth.

Finally, our third panel. We will hear from members of the private sector representing groups such as Vietnam War Veterans, Vietnamese immigrants, and American companies doing business in Vietnam.

Before I call on our colleagues, I will call on my distinguished colleague from New York, the distinguished Ranking Member of this subcommittee and the full committee, Senator Moynihan.

OPENING STATEMENT OF HON. DANIEL PATRICK MOYNIHAN, A U.S. SENATOR FROM NEW YORK

Senator MOYNIHAN. Thank you. Mr. Chairman, I thank you for holding this hearing. I believe it will be an important one.

The issue here, as you have stated very succinctly, is the matter of freedom of emigration under the Jackson-Vanik amendment of 1974.

I think we should be clear that that was in another era in world politics and in world trade. The object of that amendment by our beloved former colleague, Henry Jackson, and Charles Vanik in the House, was to state that it was literally to bring about freer emigration of Soviet Jewry to Israel, to the United States, and elsewhere. This was 1974, the height of the Cold War.

And, as with many such measures, sanctions, if you like, it did not have the effect that was desired: emigration of Soviet Jewry remained at low levels even after Jackson-Vanik was enacted, and only resumed when the Soviet Union collapsed. Now there is very, very large emigration.

By contrast, the United States has been more than open to emigration from Vietnam. Some 475,000 Vietnamese have been admitted to the United States, I believe, under various programs, for boat people and refugees, and such-like, and that seems to continue. But the notion of regular emigration from Vietnam hardly arises. We have laws on emigration and we should probably stay with them.

I would make the point, my last point, that one of the ways we get confused on this subject is that we refer to granting Vietnam and some other places as giving them Most Favored Nation treatment, as if we are favoring this country.

As the Chairman knows very well, it is not that at all. By the end of the day, I believe we will have passed the legislation on the Internal Revenue Service reform bill, which includes a provision that, henceforth, the term "Most Favored Nation" will be replaced by the simple, plain English, "Normal Trade Relations," and we will not get confused in that respect.

Having said that, I look forward to hearing our distinguished witnesses, and thank you again.

Senator GRASSLEY. Thank you.

Normally I would have called on Senator Helms, if he had been here. He is the main, lead sponsor. Senator Smith, of New Hampshire, is the second sponsor of the legislation. Would you like to start?

Senator MURKOWSKI. If I may, Mr. Chairman.

Senator GRASSLEY. Senator Murkowski.

OPENING STATEMENT OF HON. FRANK H. MURKOWSKI, A U.S. SENATOR FROM ALASKA

Senator MURKOWSKI. I want to acknowledge your scheduling of this hearing. With all of the attention on China and Japan, it is appropriate that we reflect a little bit on our improving relations with Vietnam.

I have been involved in the issue for a long time, as former chairman of the Veterans Committee, and having visited Vietnam on a number of occasions. I strongly support the administration's decision to waive Jackson-Vanik for Vietnam.

And I know other colleagues have varying views on this, but I think the progress that has been made is substantial. I think we can expect continued progress. We can expect, obviously, this to

turn as fast as we would like it relative to our growing relationship.

But I think there have been positive signs, particularly the repayment of the South Vietnamese Government's $146 million debt to the United States, and there have been other positive signs that I think encourage us to move forward.

As a consequence, if we say now that we want to see more progress, then I think it is sending a signal that we are moving the goal post. We have been noted for that type of diplomacy from time to time. I think the Jackson-Vanik waiver should be an incentive for faster implementation of the refugee agreement.

As a consequence, Mr. Chairman, I think that there has been, again, positive efforts on behalf of Vietnam that should at least be recognized by this committee, and I hope the committee and the full Senate will ultimately support the administration's waiver and not support what I understand is S.J. Resolution 47.

Thank you, Mr. Chairman.

Senator GRASSLEY. Senator Smith.

STATEMENT OF HON. ROBERT C. SMITH, A U.S. SENATOR FROM NEW HAMPSHIRE

Senator SMITH. Thank you very much, Mr. Chairman. If Senator Helms should come in and be on a time schedule, I would be more than happy to defer to him.

I want to thank you for agreeing to my request that a hearing be held on S.J. Res. 47, and thank you, Senator Moynihan, and Senator Roth, also, for his assistance.

I respectfully disagree with my colleague from Alaska. My purpose here is to not support that waiver, the Jackson-Vanik waiver, and to essentially overturn it, which is what S.J. Res. 47 does, it disapproves the President's first annual waiver of Jackson-Vanik.

Mr. Chairman, I do have a statement for the record, and I ask unanimous consent that that be entered.

Senator GRASSLEY. All statements will be included in the record, and we would ask you to summarize.

Senator SMITH. I am just going to summarize.

Senator GRASSLEY. That will be true of all three panels, as well.

Senator SMITH. The Trade Act of 1974, and Senator Moynihan just mentioned it, does provide Congress this fast-track authority to disapprove Presidential waivers. I want to make that very clear. We have the authority to do it. If the situation warrants such an action, in the judgment of Congress, then we have the authority, clearly, to reverse any President's waiver.

I think also it is important that we look at what Congressional intent is, and was. The position of the Finance Committee in 1974 was very clear. It could not have been clearer.

I have gone back and read the entire language, and it basically concluded that communist countries that did not permit free emigration to their people would not be eligible for U.S. trade credits and investment guaranties. There was no gray area there. It was very clear.

I think, Senator Moynihan, you used the phrase a moment ago of another era. And I would agree with you, it was a different era, but the facts have not changed. Vietnam is a communist nation.

Vietnam does not provide its people the right to emigrate of their own choice. That has not changed. That is the same as it was in 1974, in that regard.

So, under Section 403, there is another dimension to this which made clear that POW/MIA cooperation was also a factor in whether to grant these benefits. So there were two things. One, free emigration, and second, POW cooperation.

So those are the two matters that really are the focus, in my opinion, here this morning, and certainly of my legislation. So I think the committee needs to look at the reality of the current investment situation in Vietnam.

I think if we look at the current investment situation, and I want to get into that briefly in a moment, this is hardly the time to be putting more American tax dollars at risk in this country. I think you may be surprised at some of the testimony that we have seen from those who have put dollars at risk.

But any time we consider legislation that deals with the freedom of the Vietnamese people, it goes without saying that we are going to find a lot of support in Congress for at least having a hearing to put this in perspective, and I am very grateful for the opportunity to be here.

Both Senator Roth and Senator Helms were two of the original 12 co-sponsors of this law when it was first introduced in the fall of 1972, so they are certainly very well qualified to comment on its intent.

It was Senator Helms, ironically, along with Senator Thurman, who succeeded in ensuring, on the Senate floor, that the legislative history and application of this amendment went beyond the much-discussed, as you had mentioned, Senator Moynihan, problem of Jewish emigration from the Soviet Union.

It was very clear, in the comments from Senator Helms, that there was more to it than just simply Jewish emigration, but rather, more then communist problems of emigration in other areas of the world as well.

Senator Roth was a strong supporter of Senator Jackson's amendment, stating his belief on the Senate floor in 1974 that, "Our economic leverage can, and should be, used for this humanitarian purpose." So, again, intent was clear.

There is another member, Mr. Chairman, who I see is here, of your subcommittee who has long been personally involved and concerned with our policy towards Vietnam, and, of course, that is Senator Bob Kerrey.

He and I are on different sides of the political aisle and we have had some differences on the Vietnam question. But I was very moved, during the debate in 1994, by comments that Senator Bob Kerrey made about this issue, and I would just like to—it will probably embarrass him a little bit.

But I wanted to quote, briefly, what he said. Basically, the context here was, he was taking a position in opposition to mine regarding lifting the trade embargo, but he also made a very dramatic statement about his dissatisfaction with the human rights issue in Vietnam, and that it could not be resolved by dialogue in Washington, DC, but had to be dealt with very forthrightly.

He said, "My hope is, along with our concern for the men that we left behind, prisoners and missing in action in Vietnam, along with our concern for our own, I hope we will now begin to talk about the freedom of the Vietnam people as well.

One of the concerns that I had with this action (to lift the embargo), which, as I said, I believe is appropriate, is that it is being done as a consequence, mostly, of economic pressure.

In other words, I have people who are concerned about losing oil leases in the North China Sea. I have people who have concerns about losing contracts for supply planes in Vietnam. I have people who have concerns about losing business in Vietnam."

He goes on to say, Senator Kerrey does, "I believe it would be a terrible mistake, and a real tragedy and denial of any purpose whatsoever of the war in Vietnam if, when we come back into Vietnam, all we care about and all we talk about is making money.

At our best—and Lord knows we are not always at our best—in this war, we fought for the freedom of the Vietnamese people. For gosh sakes, we ought to be able to come back into Vietnam, heads held high, proud, and say that we still care about the freedom of the Vietnam people."

I think that is what this is about, Mr. Chairman, it is the freedom of the Vietnam people. It is not about anything else other than that. It is interesting to note that, when the Senate Finance Committee reported the Trade Act in 1974 to the full Senate, it was a 17 to 0 vote, including Senator Roth's vote.

It did not even contain waiver authority in the original resolution. It stipulated, very purely and simply, that communist countries that denied their citizens the right or opportunity to emigrate or imposed more than nominal charges in emigration would be denied credit or investment guaranties from the United States.

The waiver was subsequently added as an amendment on the floor, at the urging of Secretary Kissinger, who said that they detente situation with the Soviet Union and the fact that we were in the Nuclear Age were, as Dr. Kissinger put it when he testified, "involved the need to request waiver authority for the President for that reason."

So the point I am making is, early on there was no waiver. When the bill came to the floor, at the request of Secretary Kissinger, there was a waiver provision.

So the challenge for the subcommittee, and, frankly, for the Senate as a whole, will be to sort out the facts from the fiction. And there is a lot of fiction, on both sides. The question will be: is Vietnam still restricting the rights of large numbers of its citizens to freely emigrate, or is it not? That is the question. If you think it is not restricting, then you should not be for my amendment.

If you think it is, you think everything is fine, everybody is emigrating, no problems, families are not broken up, there is no hardship, no fines assessed, no fees collected as members try to get together with their families, if you think none of that is happening, then you should not be for my legislation.

What has Vietnam done since the President's initial waiver this past March? A four-month period to convince you that the waiver is, indeed, "substantially promoted," that is the language used, "the

objectives of freedom of emigration in the Jackson-Vanik law, as required in the language of that law."

Frankly, Mr. Chairman, I am concerned that there was not much consultation with your subcommittee, or the Senate, and other relevant committees on this matter by the State Department, even though the President's National Security Advisor pledged to consult with Congress last December.

So I do not think we can just accept the emigration numbers at face value, and I am sure my colleagues here will have many of those numbers. But these are real people, with real deep, emigration, family problems. They are not numbers, they are real people.

My point is, you have to look beyond the numbers and at the information from the refugee assistance groups—some of them are here today—who know these people who are trying to emigrate and trying to obtain permission from the Vietnamese authorities, who deal on a day-to-day basis with the Vietnam authorities, who are finding the real problems that they are having in emigrating.

They know there are families in the United States waiting for their loved ones who are not allowed to get here, who are sometimes charged exorbitant amounts of money, and then, even after the money is raised, denied the right to emigrate.

So, when we are looking at numbers, Mr. Chairman, let us look beyond the numbers and look at the real problems. Some of them have died, still in communist prison camps these past few years, even though they were eligible to emigrate. I saw some of these refugees in Vietnamese prison camps on one of my trips to Vietnam.

One individual, Mr. Chairman, was being held. He had been held in prison, he told me through an interpreter, for 20 years. I asked him what he was charged with. He said, crimes against the state. I asked him if he had a trial. He did not know what the word meant. He had been there 20 years, never been charged with anything. This was a Vietnamese citizen.

These are not just statistics, they are real human beings. Many of them fought with us during that Vietnam war, fought side by side, put their lives at risk, their families at risk, and these people are still being persecuted.

To lift this waiver while this is going on, in my opinion, is a travesty. It is not replaying the war, it is not never getting over the war, as some have said, it is simply factual. It is what is happening, Mr. Chairman.

I urge my colleagues to listen to the testimony you are going to hear later from Dr. Thang, who represents Boat People S.O.S., and other concerned groups. He is living it every single day.

He is not here in the Senate living the good life and away from it all, he is living it every day. He is dealing with these families every day. He has some very powerful testimony, and I think the committee should hear it.

Mr. Chairman, let me just say a couple of words about the business climate in Vietnam, since I noted that, when my colleagues, Senator Kerrey and Senator McCain, provided testimony on the House side to the companion measure, they said, "Vietnam is a potentially significant market for American services and goods, and we should be supporting the U.S. companies that bring trade and investment to Vietnam."

As my colleagues may recall, when we debated whether to lift the embargo we were told that Vietnam was the next Asian tiger in the international business world. Four and a half years later, here is a headline in The Wall Street Journal. "Vietnam Pull-Out: This Time, Investors Pack Up Gear, Stymied By Bureaucracy, Lack of Reforms."

Most of these are U.S. companies. It has been reported that tourism is down. Hotel construction projects have been canceled. During the first five months of 1998, 154 permits for foreign investment in Saigon were withdrawn, totaling $959 million.

These are facts that are not in dispute. If everything is so rosy, if all of this business is working so well, then why are our own business people pulling out and why then should we grant the waiver?

This started before the recent regional economic crisis, I might add, in Southeast Asia, with the economic markets. I saw that our ambassador to Vietnam, Pete Peterson, former POW, testified on the House side, "U.S. business are not optimistic about the near-term prospects for increased activity in Vietnam." So, with all of these signals, why then are we granting a waiver?

Even the IMF, reportedly, canceled the last installments of its $530 million loan to Vietnam last year, and canceled future lending, because Vietnam has failed to take the concrete steps to reform its system. These are facts, Mr. Chairman. These are not in dispute.

Vietnam's new Communist Party chief, General Thieu, more of a hardliner than his predecessor by all reports, recently reaffirmed that the communist political regime was suitable for the Vietnam people and would never be replaced with capitalism. Never.

So, in view of this, this is hardly the time for the American taxpayer, through the Ex-Im Bank and OPIC, to be asked to subsidize business deals with bureaucrats in Hanoi that have no intention of making the necessary reforms.

But if Congress lets this June 3 Jackson-Vanik waiver stand, that is exactly what is going to happen. In fact, it has been happening since March, when the President made the waiver.

I would suggest that we put these programs for Vietnam on hold for a while before the American taxpayers get stuck with the tab, more American business deals in Vietnam end up falling through, and the American taxpayers will pick up the tab.

Finally, Mr. Chairman, let me just close on a couple of points about another issue which we have all been very much involved in, and that is the POW issue. Many of you may not recall this, but in the Trade Act of 1974, as I said earlier, the very next section following the freedom of emigration as a condition for trade was a similar condition on trade credits for countries based on "their cooperation" on the POW/MIA issue.

To those who say, and I think you will hear it here this morning, that for 20 years we did not engage Vietnam on the POW issue, and for 20 years they gave us nothing while we held firm, the facts show that is not true. During the Reagan years, we made a lot of progress on this issue. Indeed, the first time we made real progress was during the Reagan Administration.

President Reagan engaged Vietnam on the issue. He used both carrots and sticks. The League of Families, Ann Mills-Griffiths, was very much involved in leading the right to engage the Vietnamese on this issue. We had a special emissary, General Vessey, who was appointed to Hanoi.

During both Reagan Administrations, we saw Vietnam return over 200 sets of remains. We did get some access to documents. Did we get enough? No. Was it satisfying to me? No. But to say they gave us nothing, is simply not true. So I think we have to be clear on that.

Senator John Kerry, Senator McCain, and I have differed over the years. I think we have the same goals and objectives for Vietnam, but we have disagreed on the amount of cooperation, and I do not want to replay that. But I think it is important and relevant to look at the concerns that you yourself raised, Senator Grassley, on the Senate floor during the trade embargo debate in January of 1994.

You said, "Why should we lift the embargo now before we get Vietnam's central committee level documents which contain, in essence, Vietnam's war time national secrets? This information would tell us what happened to our prisoners and to our missing."

You went on to say, "Our Secretary of State has been talking to the Chinese about improving their record if they want this body to keep Most Favored Nation status. Why that concern about China? Why not the concern about human rights in Vietnam? I do not know."

I do not know, either, Mr. Chairman. But I do tell you this. As I mentioned earlier, waiving Jackson-Vanik does not signal Vietnam that we are serious and that we are really concerned about their restrictions on the basic rights of people, people that helped us in that war, who put their lives on the line, their families on the line, their homes, indeed, their lives, their fortunes, and their sacred honor, on behalf of the United States of America, and we are letting them down. We are letting them down if we waive Jackson-Vanik. It is a tragedy.

I urge the committee, and the Senate, to reconsider this. Vietnam has still not opened their central committee archives. We all know that. We are not getting 100 percent cooperation.

The President has certified the fullest possible cooperation. That is not true. We all know that. We have not had maximum cooperation. Everybody knows it. Ask the intelligence community and they will tell you that it is not true.

So, Mr. Chairman, in conclusion, this resolution puts moral principle over dwindling profit in Vietnam. The profits that were expected as a result of the opening up of the embargo, of the opening up of relations, have not happened. Problems have occurred.

The Vietnamese Government has cracked down on free enterprise that they said they would allow, and they have cracked down on people who have helped us in the past to win the war whose families are now deeply hurt by this tragedy.

It will send the strongest possible message to Hanoi that, basically, we do not care about those people being able to live out their dreams, if we waive this.

So this resolution is supported by several key members on both sides of the aisle, from both the House and the Senate.

It has widespread support from all major Vietnamese-American organizations, refugee assistance programs, POW/MIA family groups, many former POWs, and national veterans' organizations, some of whom are here today, including our Nation's largest, the American Legion.

With your permission, Mr. Chairman, I would like to enter their statements into the record that they have provided to me, and would note that many of the leaders of these organizations are in the audience today.

Senator GRASSLEY. Those will be received.

[The statements appear in the appendix.]

[The prepared statement of Senator Smith appears in the appendix.]

Senator GRASSLEY. Proceed, Senator Kerry.

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

Senator KERRY. Well, Mr. Chairman, thank you very much for having this hearing, and thank you for hearing from all of us here on our points of view with respect to this issue.

Let me respond, if I can, a little bit to Senator Smith's comments, and directly address the question before the committee, if I may.

Senator Smith, I think, and Senator Helms, and others whose points of view different from Senator McCain and myself, come to this with enormous conviction and with great principle, and, as supportive as I know John McCain is of their objectives and their goals, I think we have a fundamental difference with the interpretation of some of the facts and the interpretation of how we will achieve our goals in this particular case.

It is clear to me that business is the least of our concerns, the least, the last, if any concern at all. There are plenty of reasons for the downturn that Senator Smith referred to economically, business troubles, and the biggest one is the enemy of everybody in most of these transitioning formerly entirely state-controlled economies, which is bureaucracy.

Bureaucracy is our enemy in this country, it is the enemy of most efforts in most countries, and it is their enemy, too. Bureaucracy gets in the way of a lot of our efforts. But no one could deny that some of the most successful enterprises in Vietnam today are multinational corporate entities which are paying the highest wages to their employees, where the standards of living have gone up more than anybody else in Vietnam, where they have the greatest freedom of movement, of work, of choice, and so forth, and I think we would interpret differently.

Asia has a sickness, an economic sickness, today. This committee is deeply involved in the implications of that, from Japan, to Korea, to Thailand, to Singapore, Indonesia, and Vietnam is no different.

I mean, they are feeling the reflection of all of the lack of investment and turnaround of investment. Indeed, their economy is going to feel it even more because they have been behind the curve even

more. They are coming from so much further behind. So I do not think that is a reflection of anything here, to be honest with you.

The real question before the committee is very, very simple. The law says that the President is authorized to waive, by executive order, if he reports to Congress, (A) that he has determined such waiver will substantially promote the objectives of this section; and (B) he has received assurances that the emigration practices of that country will, henceforth, lead substantially to the achievement of the objectives. Henceforth, in the future. In other words, this looks to the future, to building the capacity to achieve the objectives. And will it promote the objectives, which are increased emigration?

Now, I would argue, as I know John McCain and others would, very, very strongly that every indicator of the last 15 or 20 years of our relationship with Vietnam make it clear that we have been moving progressively into a stronger position, into a better position where we have seen increased progress on almost every front.

Is there still much to accomplish? The answer is, yes, of course. There is no reflection whatsoever in the acceptance of a waiver of the President that we are to any degree less concerned about human rights, or less aware of what the meaning is to those families that Senator Smith talked about.

But there are overriding objectives within which you have to weigh this National waiver. Why does the President a reason to say, this is in the national interest? Let me suggest, respectfully, committee, there are a number of reasons.

First and foremost, the most important reason, is the complete and full accounting process of POW/MIA. I think we can say with some extraordinary pride that we are currently engaged in the most extensive, most far-reaching, most efficient, most complex, and most expensive accounting that any nation has ever taken part in in the history of human warfare, ever.

We are doing that on a cooperative basis. The answers do not lie in the National Archives in Washington. The answers do not lie in some excavation on an old battlefield in the United States. The answers lie in Vietnam, someone else's country, someone else's place of sovereignty. Unless we have a cooperative relationship, we do not get those answers.

Now, I respectfully disagree with Senator Smith. For all of the efforts of President Reagan, for all of the efforts of the groundwork that has been laid to try to begin some early efforts to get answers, not one answer was provided. Not one answer as to what really happened.

Let me correct that. There were a few individual cases where we came on to capacity to make identification and some remains were returned, but it was haphazard.

It was on an ad hoc basis, no regularity, no capacity to have an expectation other than the gratuitous provision of one of those answers.

It was not until, as the Chairman well knows because he served on that committee, and Senator Bob Kerrey served on that committee, the road map that President Bush actually engaged in with General Scocroft and others in their efforts was put in place, and that road map was built on by the efforts of the POW/MIA Committee, that an institutionalized process was put in place, a coopera-

tive process that guaranteed a procedure by which we co ld know, there would be a series of what was known as iterations of excavations, of searches, a process of getting into the archives, and that is what took place.

Now, that is not the only engagement issue that we have at issue here as we measure this. Now, we have a huge interest, obviously, in promoting emigration. The fact is, emigration has improved.

Third, we have a huge ongoing interest in promoting human rights and democratic freedoms, including, in Vietnam where the composition of the population today sees more than 60 percent of that population under the age of 25. They do not even know about the war, except by anecdote or history. They were not part of it, the vast majority of the population of Vietnam. We have a huge interest in reaching them, even today.

In addition to that, we have huge interest in helping Vietnam through the economic crisis that is taking place in all of Asia, and I do not think we want to run the risk of setting back all of the progress that we have made.

Vietnam is an integral part of Southeast Asia. It is a member of ASEAN. The other countries of the region are dealing and are importantly engaged with Vietnam.

Most importantly, we have just seen the President reach out to China in a very significant way. Vietnam and China have been historical enemies. It would be, I think, inconsistent to the larger interests of our foreign policy not to similarly reach out to Vietnam in order to try to build a relationship.

We also have an overriding strategic political interest in counterbalancing China's interests in Cambodia, in Burma, in the South China Sea, the Spratley Islands, and in the other questions that we face in terms of our larger strategy of the region.

Now, let me just try to go quickly, because I know we have other colleagues and the committee's time is limited. I just want to, quickly, if I can, point to the progress we have made on POW that could stop tomorrow, conceivably.

In the last 5 years, American and Vietnamese personnel have conducted 30 joint field activities, recovering and repatriating 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 two years ago to an American request to undertake unilateral action. Since then, Vietnamese teams have reported reports on unilateral investigations by the Vietnamese of 115 cases.

Mr. Chairman, when you, and I, and Senator Bob Kerrey, and Senator Smith began our efforts on the POW effort, 196 individuals were on the list of so-called "last known alive cases," or "discrepancy" cases.

These were the most difficult cases, the cases in which individuals survived their loss incidents, but where they remained unaccounted for because they didn't return alive and their fate was completely uncertain. These are the most heartbreaking cases, because people knew their loved one was alive, there was evidence of that.

As of today, since the work of the committee and other efforts, fate has been determined for all but 43 on the 196 list. That means, Mr. Chairman, that their families and friends finally know what happened to them, and they did not know what had happened to them prior to that cooperative effort.

Since then, agreement has been reached in December for joint U.S.-Vietnamese-Laos trilateral investigations. Twenty-two Vietnamese witnesses participated in operations in Laos. The government has identified another 32 to participate in future investigations. These witnesses have proved crucial to our 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. That is a compelling reason, Mr. Chairman, for a national interest waiver.

One of the critical questions at the core of the accounting process are documents. When we began our efforts, we had no regular access to documents. Now we have a full-time archive in Hanoi where Americans and Vietnamese work side by side in resolving those 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 the joint research teams. We have conducted over 195 oral history interviews in addition to those conducted during joint field activities.

Vietnam, in 1994, created unilateral document search teams, and since that time they have provided documents in 12 separate turnovers, totalling 300 documents of some 500 to 600 untranslated pages.

Finally, Mr. Chairman, let me just point to the question of Jackson-Vanik and emigration. There is no question that the President's decision to waive Jackson-Vanik this last March has already led to significant progress on emigration.

Since the waiver was issued, Vietnam has made significant progress in fulfilling its commitments under the ROVR program. This is the resettlement of the various boat people. As of June 8, Vietnam had cleared for interview 15,081, or 81 percent, of the 18,718 potential applicants.

I would point out that INS has interviewed only 9,447 of them that have already been cleared. So far, 3,119 have arrived in the United States.

Vietnam is also cooperating with us to expedite the processing of those applicants still in the pipeline, and to provide a specific accounting of a list of 3,000 individuals that we gave them in January that they are jointly helping us to find.

The administration expects that a significant number of these people will be cleared for interview, once we have given them additional information on where to find them.

Not only did the waiver produce results, but the very prospect of a waiver led Vietnamese officials to modify the processing procedures for the program of ODP.

Since the waiver was granted, Vietnam has now seen, I think, at this point there are only about 6,900 ODP applicants remaining

to be processed. Some 480,000 Vietnamese have emigrated as refugees or emigrants to the U.S. in the last 10 or 15 years.

Vietnam's agreement earlier this month or last month to allow U.S. officials to interview all the Montagnards 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, the increased cooperation that is specifically called for in the waiver requirement.

So, clearly, Vietnam has made substantial and measurable progress in the area of emigration. I think all of us want to see further progress in human rights. But we are still making some of that progress even now, though we do not find it acceptable and we would like to see more.

Human rights is, and will continue to be, on our bilateral agenda with Vietnam. Treasury Secretary Rubin and Secretary of State Albright have both raised those issues, I know Senator McCain and I have raised them on each of our visits. I have consistently given them lists and work to deal with the 54 political prisoners that we make a judgment, as a government, that are currently being held.

No one can, however, go to Hanoi or any part of Vietnam today and not recognize the remarkable changes taking place as a result of the interaction with other countries, as well as the exposure to Americans who are consistently returning to Vietnam.

Vietnamese enjoy more personal liberty than they have ever had before. They own shops, they have economic mobility, they speak to foreigners, in most cases, without fear. They have had more access to information and foreign media. Although the newspapers are state papers, they are increasingly outspoken about corruption and about government inefficiency.

After last year's legislative elections, the number of non-party 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 obviously a trend in the right direction.

In the end, Mr. Chairman, I think the question for us is very simple: do we want to break what is every month and every year an increasingly open and engaged relationship where we are progressively moving down the road?

We have not granted MFN. This does not grant MFN. We are not about to argue we ought to grant MFN. We still need to make progress in these areas. But this is part of a consistent effort of a road map to open up our relationship, and I think there are very compelling reasons—strategically, POW/MIA, emigration, our larger interests in the region—to continue to move down that road.

I thank the Chair for the time.

Senator GRASSLEY. Thank you, Senator Kerry.

[The prepared statement of Senator Kerry appears in the appendix.]

Senator GRASSLEY. Senator McCain.

STATEMENT OF HON. JOHN McCAIN, A U.S. SENATOR FROM ARIZONA

Senator MCCAIN. Thank you, Mr. Chairman. I will be brief, as I know the committee has not only testimony from the distin-

guished chairman of the full committee, but others. Senator Kerry has covered most of the points.

As you know, Mr. Chairman, I have a deep interest in our bilateral relationship with Vietnam, and always appreciate the opportunity to help move that relationship forward.

Mr. Chairman, the evidence that Vietnam has liberalized its emigration policy is compelling. As of June 15, 3,267 Vietnam have departed for the United States under ROVR, which is the Resettlement Opportunity for Vietnamese Returnees agreement.

Since the waiver was granted, Vietnam has eliminated the requirement for ODP applicants, including Montagnards and former reeducation camp detainees, to obtain exit permits prior to being interviewed by American officials. Vietnam has cleared for interview over 80 percent of all remaining Resettlement Opportunity for Vietnamese Returnees applicants, and we expect many more to be cleared shortly.

On the day the President announced his decision to extend the Jackson-Vanik waiver, the Vietnamese Government announced that it would allow U.S. officials to interview all Montagnards ODP cases. Previously, many of these individuals were off-limits to American interviewers. It raised concern among many of us that Vietnam was denying Montagnards eligibility for emigration under the ODP.

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 issues?

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?

A number of outstanding issues continue to stand in the way of closer U.S.-Vietnamese relations: human rights, including the freedom to speak, assemble, and worship remains 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, and they are legitimate. I would argue that Ambassador Peterson supports strongly the extension and maintenance of the Jackson-Vanik waiver.

Mr. Chairman, 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 co-

operation begets cooperation, and that the carrot is as effective as a stick in furthering our cause with the Vietnamese.

I think it is important to stress again, 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 waiver is a tool we can selectively use to encourage free emigration.

Mr. Chairman, the fact that the Department of Defense, in the past 5 years, has repatriated 233 sets of remains of American military personnel during the period, attests to the ongoing cooperation between Vietnamese and American officials in our efforts to account for our missing servicemen. I am confident that such progress will continue.

Finally, Mr. Chairman, I guess it is of interest that this issue of Vietnam and our relations continues to have such a large place in our National debate and the attention of the committee here today.

It is a small country on the scale of things, probably on the basis of its GNP or U.S. economic investment, or most any other objective criteria, and would not warrant the attention of this committee, the subcommittee, the chairman of the committee, and others who have been involved in this debate for many years.

I believe the record is clear, from any objective observer, that normalization of relations with Vietnam, waiver of the Jackson-Vanik amendment, and other signs cooperation between our two countries have furthered the causes which we all serve: improvement of human rights, cooperation as far as a full accounting of those who are still listed as Missing in Action, and especially the issue of emigration to this country.

Mr. Chairman, I believe the record is clear that the Vietnamese have a long way to go, that we need further cooperation on all of these issues, particularly on the issue of human rights.

But I would argue that the progress that has been made is a direct result of the forward-looking and progressive relationship we have had with Vietnam rather than one that would be allowed to stagnate as a result of the still unhealed wounds of the Vietnam War.

I thank you, Mr. Chairman.

Senator GRASSLEY. Thank you, Senator McCain.

[The prepared statement of Senator McCain appears in the appendix.]

Senator GRASSLEY. Senator Helms?

STATEMENT OF HON. JESSE HELMS, A U.S. SENATOR FROM NORTH CAROLINA

Senator HELMS. Mr. Chairman, I thank you very much. I am not going to present my entire statement, or perhaps any part of it. Let me say, before I say anything else, that I am sitting with three able, distinguished Senators who have paid their dues to this country. I do not fault them for their disagreement with me on anything, whether it be this subject or otherwise.

But let me say that another committee of the Senate has held hearings on one aspect of this, and I am going to submit for the record the hearing of the Committee on Foreign Relations, 105th Congress, "The Plight of the Montagnards."

Now, I have not been to Vietnam. I have not talked to any communist or non-communist there. I have not talked to the ambassador. But I have talked to the Secretary of State a number of times about this, and other officials of the Department of State.

But, more importantly, I think, I have had a rather intimate relationship, and emotional relationship, with a number of Vietnam people who have come to this country. I will say to my friend from New York that this past Christmas I had a number of the relatives of the Montagnards in my home, and we sat on the floor and we played their instruments that were hundreds of years old. Then they told me, with tears in their eyes, about what the communist government was doing, and not doing.

I am inclined to believe that more than I am inclined to believe a regimented testimony written by somebody. I composed my own, but I am going to disregard it. But I will ask, Mr. Chairman, that, as a matter of record, it be printed in the record.

Senator GRASSLEY. So ordered.

[The prepared statement of Senator Helms appears in the appendix.]

Senator HELMS. I commend Senator Smith for his initiative regarding S.J. Res. 47, of which I am an original co-sponsor, and obviously which I support.

Now, if so much has been done, why are we here today? I do not think that Senator Smith would take the trouble to draft the legislation that he has offered unless he had evidence absolutely persuasive to him that all is not well in Vietnam. I agree with that, and that is the reason I am here.

Last November, in a letter to Secretary Albright—and, as I mentioned, I have discussed this matter with her, in person and by correspondence on a number of occasions—I urged the administration not to waive the freedom of emigration requirements in the Trade Act of 1974.

I think my argument had a certain amount of clarity to it. Vietnam did not allow free emigration, and this is still the case today, nearly 4 months after the President's decision—misguided, I feel—to waive Jackson-Vanik.

By the way, I may be the only Senator here who served with "Scoop" Jackson when he was a Senator, and I recall well the discussion that went into Jackson-Vanik.

But to me, the evidence reveals clearly that the Vietnamese Government slowed the emigration process in the wake of the March waiver. I think that fact is evident. Of course, if you will allow me to write the questions, I can flunk the fellow who is answering the questions every time. That is what we have happening a lot in some of these hearings.

In the 3 months prior to the waiver, the Vietnamese Government cleared roughly 13,000 individuals for interviews, under the U.S. Resettlement Opportunities for Vietnamese Refugees program.

But the other side of that corn is, immediately following President Clinton's waiver, the Vietnamese Government slowed the clearance process dramatically, and since then only about 1,400 people have been cleared.

It was this sort of thing that the people who came to my home in rural North Carolina at Christmas time last year, they made a

sort of ceremony, if you will forgive this personal reference. They came dressed in their native best and they brought, as I had mentioned earlier, the musical instruments that were used hundreds of years ago there. They told, one by one, what was going on with reference to emigration, and to other things.

Now, I do not believe they would come to my home at Christmas time to give to me manufactured comments and evidence. They did give me evidence which was persuasive to me, and that is the reason I scheduled this hearing which was held by the Foreign Relations Committee on March 10 of this year.

Now, I am aware that Assistant Secretary Roth plans to travel to Vietnam and visit with the Montagnards. They told me that before Christmas of last year, what I learned, and it was convincing to me, is that a government official did stop by for a few minutes.

Of course, the report that he made was probably declared secret, classified, Senator Moynihan. But I do not believe any real effort was made by that person, or several others that I have heard about.

Now, the fact of the matter is, by the President granting this waiver, a great deal of our leverage with the Vietnamese Government has been lost. The immediate purpose of this waiver was intended to pave the way for the Overseas Private Investment Corporation and Export-Import Bank financing for American investment in Vietnam.

We all heard about that, nodding our heads, and the administration and the business community will now boast that the waiver will facilitate economic reform in Vietnam, but the effect is likely to be precisely the opposite, based on my personal experience.

Now, the history of foreign aid, in so many instances, is an absolute disaster. All of us, or most of us, have talked about that from time to time. But rarely, if ever, has it lifted a nation from poverty. Rarely, if ever, has it compelled countries to lower their trade barriers to U.S. products. If we want to have a hearing on that question, I will be glad to visit with you.

Rarely, if ever, has it served U.S. foreign policy interests, as is evidenced by the number of nations which, despite decades of receiving millions of billions of dollars of the American taxpayers' money, consistently vote against the United States at the United Nations.

Now, I think we have got to ask ourselves the question of why trade and investment in Vietnam remains so abysmally low 4 years after President Clinton lifted the embargo.

Now, this is not partisan. I think it is a realistic question and it ought to be answered realistically, and not with a bunch of mumbo-jumbo, with statistics that God knows who prepared. I have learned enough about statistics preparation in the 26 years I have been in the Senate to doubt most of it.

The much-ballyhooed Vietnamese market has not materialized because the business conditions in Vietnam are, quite simply, awful.

Now, the fundamental question for that, is the corrupt and socialist practices of the government of Vietnam. We cannot overlook that. Obstacles to trade and investment appear at every turn in Vietnam: corruption is academic, and endemic; there are still no

clear property rights; no credible judicial system; data on the banking and state sectors are still tightly controlled, and nobody mentions that. But it is a question that we must have answered for ourselves.

Rather than facilitate reform, OPIC and Ex-Im financing is likely to cement this situation by encouraging business deals that otherwise would just not happen. This will put a crutch under the Vietnamese Government, allowing it to procrastinate on economic reform. Meanwhile, who will be on the hook? You've got it: the American taxpayers will have to pay millions, if not billions, of dollars.

The point is this, and I am not going to go at length about it, but I feel very strongly about it. For decades, the communists have been practicing Lenin's dictum: if you thrust forward with your sword and find mush, move forward. If you find steel, retreat.

I think we ought to use our leverage to goad the Vietnamese Government much further to relax its political and economic controls on the people of Vietnam.

Senator Smith, of New Hampshire, has offered a resolution of disapproval that is an excellent place to start. I, for one, urge this committee to report in favor of it.

Thank you, Mr. Chairman.

Senator GRASSLEY. Thank you all.

We will start out with questioning from Senator Moynihan, then Senator Kerrey, then Senator Moseley-Braun. I am going to pass, for the moment.

Senator MOYNIHAN. Mr. Chairman, we have heard extraordinarily able testimony on both sides of a question which cannot be divided, but we could not be more grateful to all of you.

Senator GRASSLEY. Senator Kerrey?

Senator KERREY. I would like, Mr. Chairman, to just express my gratitude for the members coming forward and presenting their testimony. I would love to engage in some questions and answers, but I respect that you have got time and other things you have got to go to, and this committee has got to get on as well.

I am wondering, Senator Helms. I mean, you have been around this place a lot longer than I, and you have been fighting this battle a lot longer than I.

I was struck by the last part of your testimony, though I am not sure there is necessarily a connection between this waiver process and your stated objective, which I share, which is to get the Vietnamese to change their laws to allow for private property, to allow for political freedoms.

I mean, that, clearly, is the objective. I have no doubt that you are right, that we need to push back in some fashion. If there is mush, the blade goes in, and if there is pressure, there is withdrawal.

What, in your mind, would achieve that? Do you think that denying this waiver would produce a response on the part of the Vietnamese Government?

Senator HELMS. Not alone. But if there would be more action by our government in this matter, there would be more success. What we have been getting is sort of a hit-and-run implementation of the policy, whatever it is, and how much it amounts to.

Senator KERREY. Well, I mean, it does set up, it seems to me, a question as to whether or not the Export-Import loans, and OPIC, and other things that we are doing out there are in the taxpayers' interests, and I presume that both you and Senator Kerry have had the opportunity, in the Foreign Relations Committee, to examine those programs.

But what I hear you saying is, you think that by denying those kinds of commercial assistance to American businesses who otherwise would not have a chance to do business, that there would be some positive movement on the part of the Vietnamese Government, a communist government, as you have acknowledged, that is, no question, creating a very lousy business environment right now as a result of not allowing private property and political freedoms.

Your view is that they would move? Your view is that there would be movement on the part of the Vietnamese Government to liberalize both their economy and their political system?

Senator HELMS. Well, I certainly assume that they would. I just do not know whether they will. But we had better try that before we give in and send mush into our policy instead of steel.

Senator KERREY. But have we not been doing that?

Senator HELMS. No.

Senator KERREY. Has that not essentially been our policy? Since the Vietnam War ended, since the United States withdrew in 1975, we had effectively Trading With the Enemy Act restrictions on Vietnam until the President lifted those, and then sent an ambassador over there. So it is approximately, what 20 years or so that we imposed, effectively, an embargo upon Vietnam. I wonder if you have done an examination of their response to that embargo. Did they liberalize their economy, did they take movement to provide additional political freedom during that period of time versus what has happened since?

Again, I have a great deal of respect for the fight that you have waged on this issue for years. It seems to me that the point that Senator McCain and Senator John Kerry were making earlier is persuasive, that there has been movement in the past four or 5 years.

It seems to me that what both you and Senator Smith are saying is, no, there is not, there has been less movement in the last 4 or 5 years than there was in the previous 20, when we maintained what is essentially Trading With the Enemy Act restrictions on Vietnam.

Senator HELMS. I think the movement, as you call it, has been pitifully slow, if at best.

Senator KERREY. I do not disagree with that. Senator Kerry, you leaned forward.

Senator KERRY. Thank you, Senator Kerrey. I just wanted to say that the world has changed so extraordinarily dramatically, beyond anybody's anticipation and comprehension in the last 10 years. It is continuing to change at that rapid pace.

I mean, our own businesses in this country are struggling to keep up. A business plan of 3 months ago is obsolete within 3 months. I mean, the time frame is different.

I would respectfully submit that our international needs for engagement, including, sort of, linked to business, have changed as

dramatically and we are somewhat behind the curve in translating that into public policy, particularly in our international efforts in diplomacy.

I think that what you are seeing, what you are seeing in the Eastern bloc countries, the former Eastern bloc countries that have now emerged so much more significantly because they have embraced more of the freedoms and democratic efforts that went with their transition, which you are seeing in Russia as it struggles through its transition.

What you are seeing in a host of the authoritarian, but free market, models of Asia is this incredible embracing of capitalism, sort of capital rules. Some countries are moving faster to embrace the full measure of changes that go with that than others, and they are going to struggle with this.

I think this is the struggle of the next quarter century, so to speak, is to what degree that authoritarian model can hold on, and for how long.

I happen to believe it is limited, because the only way you can embrace that flow of capital and the only way you can move into the marketplace sufficiently aggressively over a period of time, will require a population that has the skills and ability to be able to move into that information management technology-oriented world, which requires education and requires a whole set of disciplines that do not come easily in those state-managed, authoritarian regimes.

So I think we are on the right side of history, as the President and others are fond of saying, and we ought to believe in that better, and we ought to embrace it more, particularly with respect to this relationship in Vietnam and elsewhere.

We have a number of universities, Harvard among them, who are working on law transition projects in Vietnam. They are working on the definition of property, they are working on the contract rights.

I think you are going to see, and Secretary Roth can speak to this, we are hoping to close a trade agreement that we have been too long negotiating. But if we can close that trade agreement, I think you will see sort of a creation of rules of the road, which will help institutionalize the kinds of things Senator Helms has worries about. So, I think we have to embrace this more.

I say, again, I think business is the least of the considerations, if any at all, in the subject of Jackson-Vanik. But, to the degree we look at the larger strategic interests and measure our long-term goals in the region and how we will implement them, certainly it is a very critical component of our new diplomacy and of our new international strategy which we have to implement better.

Senator GRASSLEY. Senator Kerrey, Senator Smith wanted to respond as well.

Senator SMITH. I know you want to wrap here, Mr. Chairman, and I honor that. I just want to say, in response to you, Senator Kerrey, the phrase "free emigration" has no qualifier. It means what it says.

If the idea here is that we want a little bit more free emigration or a little less free emigration, then repeal Jackson-Vanik, do the intellectually honest thing. But do not grant a waiver and say, in

granting the waiver, that there is free emigration. That is my point.

Listen to the plight. I also have heard from these people, as Senator Helms has. You will hear from them today. They are real people dealing with these problems, as I have said.

The intent was very clear. It was free emigration, that communist countries that did not provide free emigration to their people would not be eligible for U.S. trade credits and investment opportunities, period. That was the law. A waiver was provided if, in fact, this was occurring. It is not occurring, so do not look the other way. That is all I am saying to the committee. I mean, that is really the issue.

Finally, on progress, I mean, Senator Helms is correct on numbers. I do not know where these numbers come from, for Senator John Kerry to say that no cases were accounted for during the Reagan Administration, there were 177.

Senator KERRY. You heard me amend that.

Senator SMITH. Well, it is a big amendment, Senator Kerry. It's 177 people. Four have been accounted for since 1977, 177 were accounted for from 1981 to 1988. I just think, to throw those kinds of things out there, just is very, very misleading.

Senator GRASSLEY. All right. Senator Moseley-Braun.

Senator MOSELEY-BRAUN. Thank you very much, Mr. Chairman. At the outset, I want to join in commending this panel for a very thoughtful discussion of this very important issue, and to raise the question—I want to ask a question of Senator Helms about some of the background and history behind Jackson-Vanik. It speaks to emigration, but the truth is, we all kind of go one step beyond and look at the human rights issues underneath the emigration language of Jackson-Vanik.

I am concerned that, while on the one hand there is that old joke about consistency being the hobgoblin of small minds, at the same time, for us to argue strongly for human rights in regards to some countries and suggest sanctions even, where they fail to make the grade according to our parameters of what human rights compliance represents, and then to turn around and say that, insofar as those countries with which we want to do business, like Vietnam, human rights failings are all right, kind of.

As Senator Smith points out, a little less emigration is all right in these situations where we have another business objective. I am concerned about the inconsistencies where our business objectives get in the way of our being consistent in support of human rights in terms of our dealings with communist countries.

So I would like to ask Senator Helms a little bit, again, in terms of the background with Jackson-Vanik, to what extent did human rights, overall, as a broader topic of emigration out of the country, come into the discussion when Jackson-Vanik was passed?

Senator HELMS. Well, it may be, ma'am, that you remember what you agree with, but I do not remember anything that I disagreed with at the time of the consideration of this.

As far as, you are saying, the inconsistency, you are going to have to take me a little bit further and specify the countries that we have been inconsistent about, and maybe that would be good for you to do for the record.

Senator MOSELEY-BRAUN. Well, I have been concerned, and I have raised the point with some of my colleagues, that Africa, for example, gets treated differently than Asia in terms of human rights issues.

I think that we ought to be consistent in terms of human rights compliance and demanding human rights support with whomever we are going to deal. Whether it is Vietnam, or countries in Africa, or countries in South America, I think we ought to be consistent about it. There does not appear to be a lot of consistency. In fact, if anything, I think inconsistency is really more often the case than not. That is troubling to me.

So I was asking, having made that statement, in terms of Jackson-Vanik, it seems to me that the thinking under the law to begin with was that there should be some consistency in terms of how we treat with emigration issues, wherever in the world it might come up.

Senator HELMS. Well, you are in a good position as a U.S. Senator to have a vote on that.

Senator MOSELEY-BRAUN. Oh, I do. But you were around. I was not around when Jackson-Vanik passed. I was just asking a little of the history between the lines from you because of your experience.

Senator HELMS. Well, I do not know how to answer your question, except that Jackson-Vanik was conceived by what I consider to be a great Senator, and considered carefully by the Armed Services Committee, and other committees. I was a member of the Armed Services Committee at that time, by the way.

I would have to have a little more specificity from you about the inconsistencies and the circumstances than you have told me with your question. It is like I said a while ago, if you let me ask the question, I can flunk the student.

Senator MOSELEY-BRAUN. All right. Thanks, sir. We will have to have another conversation about that, but I appreciate your comments.

Senator GRASSLEY. I think I am going to call the next panel. I thank everybody. I would have liked to have participated in the questioning, but I think we have got to move on. I thank you all very much for participating.

Our next panel is the Assistant Secretary of State, the Honorable Stanley Roth.

Mr. Roth, we appreciate very much your attendance and your position. As I said in the previous panel, your statement will be included in the record and we would ask you to summarize.

STATEMENT OF HON. STANLEY ROTH, ASSISTANT SECRETARY OF STATE, WASHINGTON, DC

Mr. ROTH. Thank you very much, Mr. Chairman. I thank the subcommittee for holding this hearing and for giving me an opportunity to explain the administration's position.

Virtually every argument that I make in my testimony has already been advanced, so I will be abnormally brief and just try to reduce this to a couple of issues because I think you have already had an array of statistics thrown at you.

But I think, first of all, there is the question of, what is the immediate issue before the Senate and before the Congress. I think that issue is whether the criterion of the law has been met.

To me, the key point that did not get enough attention from all of the last panel, is the question of whether it is an absolute standard or a progress standard in the legislation.

It is very clear, when you read the text of the legislation, that it is a progress standard, that the President is given the authority to make the waiver if he believes that doing so is going to promote the objectives of the act, which is free emigration.

In that context, I think the trend lines that we have shown, you have heard the statistics about 480,000 people getting out under the Orderly Departure Program, and the progress that has been made over the past year in the ROVR program, and the progress that has been made since the Jackson-Vanik waiver earlier this year, particularly with respect to the Montagnards that Chairman Helms cares about so deeply.

So I think there has been a clear record of progress, and I think it is reasonable to conclude that, in the context of renewal of the waiver, that the progress is going to continue. That is my judgment, it is the judgment of Ambassador Peterson, and I think that recent history is on our side.

The second question that I think needs to be asked, is what happens if the waiver is denied? I think, here, while far be it for me as a U.S. official to lay out a road map for what Vietnam would do if the waiver is denied, I think it is common sense that it is going to have implications, whether it is going to have implications on cooperation on POW/MIA accounting; whether it is going to have consequences for emigration itself, some of the procedures that have been agreed to could be turned off; whether it is going to have impact on the economic side.

I think the point that has to be recognized, is that revoking the Jackson-Vanik waiver at this point, I think, is likely to have adverse consequences for the very things we want, which include promoting freedom of emigration.

So, if you have a law which allows for a progress standard, you have a track record of progress, and if common sense tells you that if you cut it off you are liable to promote retaliation, I think it makes a pretty compelling case of going ahead.

That then brings you to the question of, if you do this, if you support the waiver and continuation of benefits, are you therefore in some way exonerating bad Vietnamese behavior?

I think, from the point of view of the administration, we would agree with virtually all of the problem areas that were cited by the previous panel, that no one is suggesting that if you vote for continuation of the waiver that you are giving them a good report card on human rights, on labor rights, or any of the other issues. This is not to say they are perfect, or anywhere close.

But the question is, is this a vote on Vietnam, up and down, across the board, or is this a vote on a relatively defined issue of freedom of emigration and making progress? I think it is the narrower issue.

We have many other policy instruments to address the other areas of concern. This includes the entire range of economic instru-

ments. For example, we have not provided MFN, or asked for it, as one of the previous witnesses noticed, because they have not made the progress. We need to get the bilateral trade agreement. We are not close on that.

We have not supported WTO accession yet because they are not close on that. We have a regular, ongoing human rights dialogue, the sixth round of which was just held. We have made some small, incremental progress there and we want to keep pushing on that.

So we have other policy instruments for addressing the wide range of problems that we have with Vietnam. But to put all the burden of our entire bilateral relationship with Vietnam simply on Jackson-Vanik strikes the administration as being much too heavy a burden.

Why don't I stop there and open it up for questions.

[The prepared statement of Mr. Roth appears in the appendix.]

Senator GRASSLEY. Well, thank you very much. I am going to ask you more of a legal question to start out with, and it would be your interpretation of what substantial progress means. To me, it is a fairly high standard. Yet, when you appeared in the Senate Foreign Relations Committee in March, you testified that Vietnam had made "measurable" progress on emigration. You also testified that the waiver "will increase our chances of making progress with the Vietnamese." While this is promising, I think it falls short of the legal standard.

So my first question is, in light of your March statement, do you believe that, since the waiver, emigration from Vietnam has been substantially promoted?

Second, over the next year, how will the administration measure whether this waiver substantially promotes freedom of emigration? In other words, what specific actions by the Vietnamese will be taken into consideration when making this determination again next year?

Mr. ROTH. Well, first of all, I think it is a useful opportunity to discuss what some of the problems are, Senator, because I think that it is a bit misleading, as we heard before, just to throw out statistics.

The fact that many more people have been cleared prior to the Jackson-Vanik waiver than subsequent to the Jackson-Vanik waiver is, in a sense, irrelevant, meaning that a lot of the earlier, easiest cases have simply been cleared up.

What is involved in this program, is getting a hold of individuals that have returned to Vietnam from refugee camps, been disbursed all over the country, not always with accurate record keeping, then tracking them down for interviews.

A remarkable number of those interviews have already taken place, but the remaining set of cases, some 3,000, has proven to be difficult. In many of these cases, the Vietnamese have not said, we are unwilling to allow you to interview these people, but, rather, we cannot find them.

In some cases, the people have not shown up for interviews. In some cases, they said they are not interested in being interviewed. So what you are coming down to is a very small subset of the universe of cases where we are attempting to get our hands on these people for interviews.

These are not dead cases. We do not just take it as a given if Vietnam says, we cannot find them, that that is the end of it. We then go back, we try to talk to relatives here, we try to find any source of information to see if we can get it, and go back and present the case to Vietnam again. We have been making progress, including since the initial waiver took place.

So we feel that we are making significant progress, under the law. In terms of your specific question, what has happened since the initial waiver, I think amongst the most important things, that Vietnam has changed their procedures for processing former re-education camp detainees under the ODP, or Orderly Departure Program.

It is now the same process as you have for ROVR, which means that passports and exit visas do not have to be obtained prior to the INS interview. This had been a major hurdle, because it was frequently difficult to get the exit permit and, therefore, we could not interview them. Now we can.

As a result, this has really speeded up the pace at which we can interview people, and we hope, as I say in my testimony, to actually close out the ROVR program, we hope, by the end of this year or shortly thereafter because we will have been able to interview everybody.

There has also been progress specifically with respect to the Montagnards. Vietnam announced on June 3 that all Montagnards ODP cases would be processed in accordance with accelerated procedures. The first 359 people have been processed under these new procedures, and they were interviewed during the May 12 to 20 period in Ho Chi Minh City.

So I think these are very real things that are happening. We have heard talk about real people and real lives, and we are trying to benefit real people and get them the interviews so that they can get here.

Senator GRASSLEY. It would probably be beneficial for you to have some discussion with Dr. Thang, because when you say we cannot find a certain group of people, he would tell us that he knows where some of those people are.

If he knows where they are, then it seems to me that our State Department would know where they are, or if you did not, you would take whatever information you could get from a person like Dr. Thang for a starting point to see if we could find them. Then that would be one way of testing the sincerity of the Vietnamese Government.

Mr. ROTH. Well, you are absolutely right, Senator, and we do that. As I indicated, one of the things we have been doing is trying to get information from family members here and go back to the Vietnamese, and that has been successful.

In January of this year, 1998, there were 3,003 people who could not be cleared for interviews, according to Vietnam, and many of them, they told us, were unlocatable.

Well, we have gone back and we have gotten new information, presented it to them, and now we are down two-thirds, to 994 as of June 29. So it is precisely the process you are describing that we are using.

Senator GRASSLEY. All right. I wonder if, in answer to the second part of my question—and I know you have spoken a very good answer and substantive answer to what I asked—but is there any thought in your mind or the State Department's mind of certain benchmarks that we would expect out of Vietnam this year, so when next March comes we can say, in not only a theoretical way that progress has been made, but in a quantifiable way that progress has been made, something that they need to do over the next several months before the President makes an ongoing determination?

Mr. ROTH. Well, first, as I indicated, we are trying to finish the interviews for the ROVR program this year and see if we can get that program completed. That would be a big benchmark.

I want to see how they proceed on the Montagnards cases, where we have talked about them expediting the procedures, but we still have to go through with it and see how many of those cases get resolved. So, I think there are specific things in terms of the ongoing programs to see how the cooperation is proceeding.

Senator GRASSLEY. So then would it be fair for me to assume, if 12 months from now we are here and they have not made that sort of progress, that that would be a significant factor in the President's decision not to grant a waiver?

Mr. ROTH. Surely. The only caveat I would want to put on that is a common sense one. For example, if we still have not been able to locate 300 people, let us say.

Senator GRASSLEY. Yes.

Mr. ROTH. And we have talked to the families here and we have talked to the Vietnamese.

Senator GRASSLEY. Yes.

Mr. ROTH. I would not hold the fact that there are 300 unresolved cases as reason to deny this. But we certainly want to look at all reasonable cooperation.

Senator GRASSLEY. Senator Moynihan?

Senator MOYNIHAN. Thank you, Mr. Chairman.

Just on this general question of the Jackson-Vanik. Senator Jackson was a dear friend of mine, and I did serve with him here in the Senate.

Mr. ROTH. I noticed your pen up.

Senator MOYNIHAN. The historical context was the question of Jewish emigration from the Soviet Union, in part to Israel, and elsewhere, but specifically the Israeli concerns. That was another era. I do believe, and correct me, that in response to Jackson-Vanik the emigration slowed down. Very few got out for years. Then came the dissolution of the Soviet Union and a different world, and now there has been a very, very large emigration. Mr. Sharansky is a member of parliament and of the Knesset.

But there is a little tale, how apocryphal or not, I do not know, but of the American official talking to a high official in what was then Peking about the necessity to have free emigration in order to have trade relationships. The Chinese official said, would you like 10 million?

The fact is that we have a very generous emigration policy, the most generous in the world. No country, Mr. Chairman, has anything like ours, but there is not a demand out in the nation for an-

other 480,000 Vietnamese. That is an extraordinary number. I do believe—perhaps you would be kind enough to get this information—the Japanese have taken two. Do you know, offhand?

Mr. ROTH. I know it is a very low number, but I do not know specifically.

Senator MOYNIHAN. Yes. I think the Japanese have taken two Vietnamese. We have already taken 480,000. That is a little comparison there.

But could I ask one thing of you, just for the help of this committee. The issue arose, and you touched on it very carefully, about, what is stated when the President issues a waiver under Jackson-Vanik. If there is free emigration, then no waiver is in order because the measure does not apply.

We only apply Jackson-Vanik waiver in that intermediate period, you might say, if you can think of it as linear, between no emigration, some emigration, free emigration. I do not know that that is the way it always goes.

But the term "free emigration" itself suggests that the borders in the rest of the world are open. They are not. The borders of Israel are open to Jews. They have a right of return in their statute. But anybody can move to Canada, the United States, Mexico, or Indonesia.

There was a time, and this is not to wander here, but in 1914, sir, there were two countries in the world that required passports: one was Russia, the other was Bulgaria.

When you came to this country, you did not need a passport and you did not need a permit, you just got off the boat. You could leave British India and arrive in Liverpool and vote in a general election in 6 months' time. The world was much freer. That is not the case anymore, and this is not a lecture.

But could you give us, as carefully as you can and with the advice of counsel, as it were, in the Department, the fact in terms of, what is the President saying when he issues a waiver?

Mr. ROTH. Would you like that for the record? I do not have counsel here.

Senator MOYNIHAN. Tell us now, but give us a statement with counsel.

Mr. ROTH. Sure. I think the main point that I tried to emphasize, is not that we made a determination that there is freedom of emigration. That is not the situation and we did not try to pretend that is the situation.

Rather, it was the progress standard that, by making the waiver, the President's judgment would substantially promote the objectives of the act, which is freedom of emigration.

Senator MOYNIHAN. The fact that a waiver is required states that there is not free emigration.

Mr. ROTH. Right.

Senator MOYNIHAN. Yes.

Mr. ROTH. That is not in dispute.

Senator MOYNIHAN. Yes. Well, I think we have a little misunderstanding, perhaps, among Senators on this panel. I know the committee, and Mr. Chairman, I am sure you agree, would appreciate just a——

Mr. ROTH. We will give you a very precise legal formulation.

Senator MOYNIHAN. Thank you. Thank you very much, Mr. Secretary.

Mr. ROTH. Thank you.

Senator GRASSLEY. We thank you for that.

Senator Moseley-Braun?

Senator MOSELEY-BRAUN. Thank you very much, Mr. Chairman. I would just like to make the point to Mr. Roth that, again, I am very troubled by the notion that, if free emigration has not been achieved, if POW/MIA accounting has not been achieved, if human rights compliance, based on what is internationally accepted as human rights support has not been achieved, if labor rights have not been achieved, if economic liberalization has not been achieved, then the argument in favor of the waiver seems to rest on some very, very thin tissue, it seems to me.

You have to argue and say, well, there is substantial progress being made in regards to emigration and/or I guess these other things would not matter since they are not explicit in Jackson-Vanik. I just do not see that we have enough.

I do not see that there is any consistency, frankly, in how we monitor and measure substantial progress or substantial compliance.

I know that the law is not real clear on what constitutes substantial progress, but at the same time it stretches the imagination that there is anything substantial associated with anything that has happened in this regard, given all the allegations and all the information that we have, at least with regard to where we actually are, again, in terms of emigration, POW accounting, human rights, labor rights, and the like.

Mr. ROTH. I would urge you, Senator, not to aggregate all of those into the same category, because I think in some of the areas there has been enormous progress, in some there has been minimal progress, but it is not the same picture across the board.

As I have tried to explain in my testimony, I think there has been very significant and substantial progress on emigration. Four hundred and eighty thousand people out is a very large number of emigrants, and I think that is a pretty impressive performance.

In particular, just whittling down the number of cases this year from 3,000 about which we did not have information to 900, is an improvement of two-thirds, and we expect to make more progress before the end of the year.

So this judgment is not made lightly. It is not to say there is no emigration from Vietnam and we are hoping, by doing this, we will get some. What we are saying is, we have made real progress already and we think we will get more by doing this.

Similarly, on the POW/MIA issue, I would strenuously object to the notion that there has been no progress. I think there has been enormous progress. I thin, it is unfortunate that we got into a debate about who did a better job.

I think there was an extraordinary effort by the Reagan Administration, under the very difficult circumstances of the Cold War going on, a different world than we have now.

I think there was creative policy under the Bush Administration, with the road map and selecting General Vessey. I think there has been real progress, very significant progress, under the Clinton Ad-

ministration in terms of what we have gotten, but I think in many different categories, ranging from reducing the number of discrepancy cases, or at least accounting for the fate of the vast majority of the people, in terms of getting trilateral investigations going, in terms of documents and oral and archives research. I mean, just across the board, I think there has been very dramatic progress. I would certainly not say there has been none.

I think it gets slimmer pickings when we get to the area of human rights, where I can quote you some things that have happened, some recent statements, for example, on religion showing some greater tolerance, a few prominent dissidents—I think it was five—getting out over the last year, the fact that we held the last dialogue, but it is not as dramatic as in the two previous areas that I cited.

But again, the question is, what is going to help us to get more progress, and is it going to help us to get more progress by revoking Jackson-Vanik? I doubt it.

Senator MOSELEY-BRAUN. Again, my concern is that, in the interest of our trade policy, we wind up putting the slim pickings on human rights in back of the card instead of in front of it, that the trade policy seems to drive the decision making with regard to all of these other things as opposed to the other way around, and that causes me no small amount of concern.

Mr. ROTH. I think that I would say that it was not trade driving this. I believe that, more than anything else, the POW/MIA issue has been driving this. I think we view this as part of a process.

That is our highest priority in a bilateral relationship with Vietnam. We have had a very good pattern of cooperation and this is of a piece, we think, in terms of our engagement in eliciting more progress.

I just do not see this as trade driven. I think some of the previous panelists have made it pretty clear that there is not much there so far in the trade, and for that to be the total basis of our policy would simply be wrong.

Senator GRASSLEY. I would like to ask one more question. If we were to approve this resolution of disapproval, what sort of an impact would that have on the bilateral trade agreement talks that are currently going on with Vietnam?

I ask this question, because I understand that Vietnam's implementation of last year's copyright agreement has been pretty abysmal. Microsoft, for instance, saying that 99 percent of software of theirs in that country is pirated.

Given what we know about Vietnam's failure to implement one trade agreement that we currently have with them, is Vietnam prepared to enter into and comply with a comprehensive bilateral trade agreement?

Mr. ROTH. I am afraid that the answer to that question is up to them rather than us. But what I can assure you, is that we are not going to negotiate a loose trade agreement simply for the purposes of having it so we can proceed to MFN.

I was on the Christopher mission that normalized relations in August of 1995. It is almost 3 years later, and we still do not have a trade agreement. I think Vietnam's expectation was it would come almost immediately, but we have not done it because we are

insisting on standards, insisting on changes in their behavior in order to protect American economic interests.

So, until we get that type of agreement, we are simply not going to be in a position to move on the bilateral trade agreement, and, therefore, on MFN.

But in the meantime, to get to the first part of your question, if we revoke the waiver, which means then that we shut down Ex-Im, OPIC, and basically put ourselves at a disadvantage economically and say the door is closing to trade, at least as far as America is concerned, I think the incentive of the Vietnamese to conclude such a bilateral trade agreement will diminish.

Senator GRASSLEY. All right. Do any of my colleagues have any more questions?

Senator MOYNIHAN. No. But I would like to thank the Secretary for very clarifying and obviously open remarks.

Mr. ROTH. Thank you very much.

Senator GRASSLEY. Obviously, I thank you very much, Secretary Roth, as well.

I would call our next panel, consisting of four people. We have Richard T. Childress. He is president of the Asian Investment Strategies, and he is former director of Asian Affairs at the National Security Council; we have Bruce Harter, director of National Security of the Veterans of Foreign Wars; and we have Dr. Thang, executive director, Boat People, S.O.S., and president of the Vietnamese Community of Washington, DC, Maryland, and Virginia, and on behalf of the Coalition Against the Jackson-Vanik Waiver for Vietnam. His home is Merrifield, Virginia. And then we have Frances Zwenig, vice president of the U.S.-Vietnam Trade Council, Washington, DC.

Maybe I had better go the way I introduced you, so we will go Mr. Childress, then Mr. Harter, Dr. Thang, and then Frances Zwenig.

STATEMENT OF RICHARD T. CHILDRESS, PRESIDENT, ASIAN INVESTMENT STRATEGIES; FORMER DIRECTOR OF ASIAN AFFAIRS, NATIONAL SECURITY COUNCIL, WASHINGTON, DC

Mr. CHILDRESS. Thank you, Mr. Chairman. My prepared testimony——

Senator GRASSLEY. Could I ask that the light be put on? Will you summarize in 5 minutes, please?

Mr. CHILDRESS. Yes.

As a former member of the executive branch, I would normally not be sympathetic to what we used to call Congressional meddling, and to give the President complete freedom in foreign policy.

But that presumes that the policy would be coherent and effective. In many ways, I do not believe that exists in current policy towards Vietnam, which I believe makes Congressional prerogatives more important.

Today, you are not addressing new sanctions, but the timing to lift an existing one. That is a major difference, for negotiating purposes. The immediate issue before you, as Senator Moynihan said, is a waiver from the President. A waiver, by definition, means that Vietnam is not fulfilling Jackson-Vanik criteria.

The waiver request follows the administration's removal of objections to IFI loans, a two-step easing of the trade embargo, the establishment of consular offices, the granting of aid, and full diplomatic relations.

The justification for these steps has been: Vietnam is the new Asian tiger. This began in the early 1990's. It was nonsense then; it is still nonsense today—and I know no serious businessman who would repeat it.

Vietnam is a strategic counterweight to the PRC.That was nonsense then and it is nonsense now, and I would like to debate someone who believes that today.

It is necessary policy in order to engage Vietnam. We have been engaged; serious, sustained negotiations were conducted and real progress was made on bilateral issues between the United States and Vietnam almost two decades ago.

Vietnam has come under the influence of reformers and by providing incentives now, it reinforces them. Quite the opposite; it reinforced the hardliners who told the reformers they knew how to handle the Americans, and they are being proven correct.

The first thing you need to know before you negotiate is who is across the table. Then you devise a strategy that defines the problems to be resolved. Timing, incentives, and reciprocity should be geared to solving problems.

The administration has defined the objective first, full normalization. That is not a policy of problem-solving; it is an objective of Vietnam.

It is now an objective of the administration, and all of the incremental steps to come after this waiver will be before this body as well, because process, to reach normalization, is the order of the day.

I struggled to understand our policy for 5 years. It is built upon false certifications to this body, waivers, and distorted statistics, convoluted chronologies, politicized intelligence, and an apparent ignorance of history.

The administration appears to assume there is some inexorable march to political pluralism through economic liberalization. It reminds me of some in the Politburo who believe that American business is a part of a sinister plot to overthrow their government. Such like minds are frightening. I have concluded that our policy toward Vietnam is best summarized as, "If you build it, they will come."

The administration built its field of dreams. They moved further and faster on all of Vietnam's agenda in less than 2 years than all of their predecessors combined. They also did it in the name of POW/MIA families, refugees and veterans.

The field they built will soon be complete, and if the Vietnamese do not come on the field soon, it may be a lasting nightmare for POW/MIA families, Vietnamese who stood should to should with us, and, ultimately, the Vietnamese people.

The truth, as an honest statistical rundown will show, is that a vastly greater number of Vietnamese were resettled in the United States, and 90 percent of American servicemen thus far have accounted for from Vietnam took place before any of the economic or

diplomatic steps were taken by this administration, and that beginning four and a half years ago.

I am uncertain how the administration and defenders of this policy ignore such basic facts. Refugee advocates do not agree with the proposed waiver because they have seen the perfidy of Vietnamese policy in the past.

POW/MIA analysts do not believe Vietnam is cooperating in full faith. They know that, with full cooperation, hundreds of Americans can be accounted for by the return of remains and a complete opening of the Vietnamese archives.

The business community lobbies hard, but none expects significant profits for years. No serious strategic planner believes Vietnam can alter any power balance in Asia, and the Politburo only respects those who hold their values as consistently as they continue to hold their own.

To the issue before you, the administration believes Vietnam will continue the progress on ODP/ROVR and visas. Further, they believe all will be regularized or completed by the end of the year. I would welcome that, so give our ambassador a real tool to use, since the administration has given most away before he arrived. Tell the administration to come back after the first of the year with the deed done and the new request in hand, and approve it if you wish.

Let us share and support the administration's goal, but let us remember that the road with Vietnam is littered with broken promises. To quote President Reagan, "Let us trust, but verify." I would say if we do not do it now, then if not you, then who?

Senator GRASSLEY. Thank you, Mr. Childress.

[The prepared statement of Mr. Childress appears in the appendix.]

Senator GRASSLEY. Mr. Harter?

STATEMENT OF BRUCE HARTER, DIRECTOR OF NATIONAL SECURITY, VETERANS OF FOREIGN WARS, WASHINGTON, DC

Mr. HARTER. Mr. Chairman, members of the subcommittee, the Veterans of Foreign Wars of the United States is pleased to be able to present testimony at the hearing today. I am giving testimony for our commander-in-chief, John E. Moon, who cannot be with us here today, so the position that I am giving is the commander-in-chief's statement.

We understand 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 on the prisoner of war and missing in action issue in Southeast Asia.

The POW/MIA issue has been, and remains, a priority issue for the Veterans of Foreign Wars. The VFW believes if, by extending the waiver of the Jackson-Vanik amendment for Vietnam, we can reach our goal of a fullest possible accounting, then it should be supported. We do not believe that disapproving the waiver will re-

sult in improved cooperation from Vietnam on the POW/MIA issue. In fact, it may have the opposite effect.

Although we believe that Vietnam has been cooperating with the United States in the full accounting process for missing Americans, we continue to urge both our government and the Vietnamese Government to improve its cooperation on the issue.

The VFW believes the United States and Vietnamese must work closely together to resolve some of the remaining discrepancy cases. Our view is that disapproving the waiver of the Jackson-Vanik amendment is not an effective way of encouraging Vietnam to further increase its cooperation with the United States on the POW/MIA issue.

The VFW has been making trips to Vietnam since 1971. On our first trip, VFW officials accompanied members of Congress and representatives of other veterans' service organizations and visited Hanoi, Way City, and Ho Chi Minh City. Since that first visit, the VFW has made regular visits back to Southeast Asia.

On each trip, our mission has been the same. It is to urge the U.S. Government and foreign government officials, and other veterans' organizations, to diligently work toward resolving the cases of missing Americans from the war.

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 to their country.

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

We went there to express our views and to 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. We wanted to 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 since diplomatic relations were established. Since the establishment of these diplomatic relations, we have not seen any diminishing of any U.S.-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 policy may have resulted in both gradual improvements in U.S.-Vietnamese relations in general, and proportional improvements in the effort to accounting for missing Americans, in particular.

A few positive examples are: better overall U.S.-Vietnamese cooperation on the issue; the establishment of the Joint Document Center in Hanoi, the creation of a Vietnamese unilateral archival

research program which seeks to develop new information specific loss incidents; cooperation on trilateral operations with the United States and Laos; and the Vietnamese Government publicizing activities relating to missing Americans.

If there was no diminishing of the full accounting effort after the lifting of the embargo and the establishment of diplomatic relations, I strongly suggest there will be no reduction of effort now that the Jackson-Vanik restrictions have been lifted.

Based upon our observations and conversations we had with Joint Task Force 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 hindered, the full accounting process.

Also, if we can reach our goal of the fullest possible accounting by improving and expanding U.S.-Vietnamese trade relations, then we ought to do so.

Finally, in the past, the United States has established Most Favored Nation trade status with a number of socialist, or communist, countries. The most notable of these trade relationships is with the People's Republic of China.

The PRC was a former enemy during the Korean War, and has not yet fully cooperated in accounting for our missing men from that war. Our view is that Vietnam's current cooperation effort on the POW/MIA issue should serve as a model for the kind and quality of support we would hope to achieve from China with regard to Americans missing from the Korean War. Similarly, the U.S.-China trade relationship could serve as a model for our trade 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 Americans missing from all our Nation's wars and conflicts.

Mr. Chairman, members of the subcommittee, thank you for the opportunity for expressing our views. I will be ready to answer any questions you might have.

Senator GRASSLEY. Dr. Thang?

STATEMENT OF NGUYEN DINH THANG, PH.D., EXECUTIVE DIRECTOR, BOAT PEOPLE, S.O.S.; PRESIDENT, VIETNAMESE COMMUNITY OF WASHINGTON, DC, MARYLAND, AND VIRGINIA; AND ON BEHALF OF THE COALITION AGAINST THE JACKSON-VANIK WAIVER FOR VIETNAM; MERRIFIELD, VA

Dr. THANG. Thank you, Mr. Chairman.

Mr. Chairman and members of the subcommittee, in his testimony Senator Kerry cited the law according to which the basis for waiving the Jackson-Vanik must be that the waiver would substantially promote free and open emigration.

I would like to add to that. That is, under the same law, free and open emigration means two things: 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, or on the visas or other documents required for emigration.

The Secretary also mentioned that, since the waiver, there has been substantial promotion of free and open emigration. I disagree

with his assessment, based on the statistics of the past 4 months since the waiver.

Those statistics show the opposite effect. Vietnam's cooperation has decreased, not increased. After the waiver, the number of individuals cleared for interview under the Resettlement Opportunity for Vietnamese Returnees, or ROVR, program has plunged to less than 10 percent of what it was during the three-month period before the waiver.

As for the HO program, which resettles former political prisoners and former U.S. employees from Vietnam, only 3 percent of all those cases where exit permission had not yet been granted prior to the waiver have been cleared for interview after the waiver.

At this rate, it will take 11 years to clear the case load. With such statistics, no one can say with a clear conscience that the March waiver has substantially promoted free and open emigration.

Senator Kerry also mentioned that there has been major progress since the waiver. I beg to differ with him, and disagree with him. Vietnam has made some major promises after the waiver, but they are not tangible or measurable progresses.

Secretary of State Stanley Roth did mention that Vietnam has now agreed to waive a requirement for exit permission before the interview. Actually, Vietnam still requires a letter of introduction issued by exactly the same official, so functionally it is the same procedure here, and the U.S. still is not allowed to contact these applicants directly. They just have to go through the Vietnamese officials.

Rampant corruption has plagued Vietnam's emigration process. Emigrants have to pay from several hundred to several thousand dollars in exchange for exit permission. Considering that Vietnam's average annual per capita income is only $250, the money paid to corrupt officials clearly exceeds what may be considered as nominal fee. The State Department has kept a deafening silence on this blatant violation of the Jackson-Vanik amendment.

Senator Moseley-Braun did ask a question about the linkage between the Jackson-Vanik waiver, free emigration, and human rights issues. With regard to Vietnam, the Jackson-Vanik waiver has everything to do with human rights in Vietnam because, under original agreement supported by the U.S., Vietnam has become one of the very rare countries in the whole world where victims of persecution have no way out.

Escapees to neighboring countries would be immediately and automatically returned to Vietnam by force. A Kafkaesque situation has been created. Victims of persecution must get the consent of their persecutors in order to get away from mistreatment. Therefore, free emigration is their only chance to get out of Vietnam and to run away from persecution, and to run away from human rights abuses.

Those who advocate for extension of the waiver argue that it promotes open market and free trade in Vietnam, that it means exportation of capitalism. We are for an open market, we are for free trade, and we are for capitalism, but we disagree with that simplistic, misguided, and unfounded argument.

Capitalism, and with it free trade and an open market, can only exist where there are the rule of law, a system of check and balance, and vibrant civil society where the government observes fiscal accountability and financial transparency, where the workers are allowed to benefit from their hard work and to defend their own interests, and where fair competition is not hindered by rampant corruption, cronyism or state monopoly.

None of these conditions exist in Vietnam. Advocates of the waiver have not been able to produce any coherent, logical, and rational explanation of how the waiver will bring about those conditions.

So, as a taxpayer, I oppose the Jackson-Vanik and its extension because it fails to guarantee the necessary conditions for an open market, free trade, and eventual capitalism. I do not think it is wise to use American tax dollars to bolster, not an open market, but a state-dominated market, to finance not free trade, but a system of state-controlled trade, and not to support export of capitalism, but exploitation of workers in Vietnam.

To conclude, I would like to bring up two examples of the violation of some of the previous promises that Vietnam made to the U.S. One, is last year I went to Vietnam, 6 months after Secretary Albright was in Vietnam to sign the copyright agreement with Vietnam. One day I strolled down the street and went into a government-run bookstore.

This is what I found. I bought this copy of this book here titled, "Word for Windows 95." It is copyrighted by the Gardner Beatty Group in the U.S. Actually, Vietnam is so brazen that it even prints inside the book here the U.S. Library of Congress Catalog Card Number.

If you go in any bookstore in Vietnam, you can find software, CDs, books, videotapes pirated from the U.S. Is that a government that we can trust and that we want to do business with?

I would like to bring the second example here of a returnee from Malaysia. When she was in Malaysia, she brought to the attention of the U.S. Joint Task Force information about an MIA, Captain Arnold Lamp. Her information has led to the repatriation of the remains of Captain Lamp.

For that, her family in Vietnam had been fined an equivalent of $500, which is worth 2 years' of income of her family in Vietnam, and she is now being penalized for having passed information to the U.S. on an MIA. She has not been granted to a U.S. interview under the ROVR program, despite repeated requests by the U.S. Government. That is a very compelling reason not to extend the Jackson-Vanik waiver for Vietnam.

Thank you, Mr. Chairman.

Senator GRASSLEY. Thank you, Dr. Thang.

[The prepared statement of Dr. Thang appears in the appendix.]

Senator GRASSLEY. Ms. Zwenig?

STATEMENT OF FRANCES ZWENIG, VICE PRESIDENT, U.S.-VIETNAM TRADE COUNCIL, WASHINGTON, DC

Ms. ZWENIG. Mr. Chairman and Senator Moynihan, thank you for the opportunity to testify today on behalf of the U.S.-Vietnam Trade Council. As an addenda to my testimony I would like to submit statements from Trade Council members Boeing, Caterpillar,

CIGNA, Citibank, Craft Corporation, and General Electric, as well as letters to members of Congress and the President from the business community in support of the waiver.

Renewal of the Jackson-Vanik waiver for Vietnam is important for both the United States and 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 just a few years. Growth rates climbed to eight and 9 percent annually. Foreign investors flocked to Vietnam.

Also beginning in the late 1980's, the Vietnam Government committed to end its isolation and began working to normalize relations worldwide.

Vietnam has had tremendous success in establishing relations in Europe, within Asia, and with the United States. Vietnam joined ASEAN in 1995, and will join APEC this year, and is committed to joining WTO.

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

As the attached time line to my testimony 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 beginning of economic normalization. In response, Vietnam has greatly enhanced its efforts on issues of high priority to the U.S., including MIA/POW efforts, emigration goals, and now, economic reform.

In the last year alone, the Vietnam embassy here in Washington issued some 91,500 visas to Americans wishing to travel to Vietnam, over 66,000 of those to Vietnamese Americans.

American business involvement in Vietnam has lagged behind other nations and still operates with severe handicaps. Without MFN, a trade agreement, and initially without trade support programs, American companies and individuals, nevertheless, began traveling, investing, and trading in Vietnam. By 1997, the U.S. was the eighth-largest investor and eighth-largest trading partner.

In 1997, Vietnam's impressive growth began to slow. The easy parts of economic reform had been accomplished. Harder issues loom large. 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 percent of its foreign investment and international trade had been coming from those Asian countries.

It is in this difficult environment the U.S. is now negotiating a trade agreement with Vietnam and opening Ex-Im and OPIC programs after the 1998 initial waiver. U.S. policy has pegged Jackson-Vanik to progress on ROVR. On the merits of progress on ROVR alone, Jackson-Vanik ought to be renewed.

In assessing the Orderly Departure Program, 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.

On the economic front, the renewal of Jackson-Vanik is equally important for 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 actually involved in training programs through the Trade Council, and individually. American products are popular.

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 and 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 are 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 nations began years ago. It is a process that has been slower than many hoped for, and with American companies coming in late, it has not been easy for our companies to operate.

But companies are confident that progress is being made. Major infrastructure projects are in the pipeline, and with the help of OPIC and Ex-Im, American companies are in a strong position to win over $2 billion worth of projects in the next few months. The attached testimony deals with those points.

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 bipartisan policy of a step-by-step process of normalizing relations with Vietnam, while slow, has produced positive results for American interests.

Thank you.

Senator GRASSLEY. Thank you very much.

[The prepared statement of Ms. Zwenig appears in the appendix.]

Senator GRASSLEY. Dr. Thang, I was given a copy of the cases that you are currently working on in your efforts to assist the people to emigrate from Vietnam. Obviously, you are to be commended for your tireless effort in regard to this.

I would like to know what our State Department's response has been when you submit to them lists of Vietnamese people who are being harassed and prevented from leaving the country. You heard testimony from Secretary Roth that they do take information you give and use it.

Dr. THANG. Yes, Mr. Chairman. I have been providing the State Department, the office of Ms. Julia Taft, the Bureau for Population, Refugees and Emigration, with lists like this, that you have a copy in your hand. Back in early March of this year, prior to the waiver, her office told me that she was very optimistic that the whole case load would be cleared for interview by Vietnam by the end March. We are already in July, as a matter of fact, and we still have 3,000 cases not yet cleared. That is very indicative that Vietnam has slowed down on its promised cooperation.

Among those cases, these cases here, many of them—well, about two-thirds of these cases—are provided, along with their address in Vietnam, so there is no excuse for the Vietnamese Government to say they cannot locate these people.

As a matter of fact, last year when we went to Vietnam, I was invited to join a Congressional staff delegation. We provided our embassy in Vietnam with a list of 21 returnees that we wanted to meet with. Two-thirds of those people we were denied access to, and the reason given was that the Vietnamese Government could not locate these people.

Lo and behold, we tried on our own initiative to go to these addresses here and meet with some of them, and they were in their home. They did report to us that there had been some who had gone several times to the local police station to ask about the connection to our delegation. So they were at home, but they were reported that they could not be located. That is the situation.

I would like to add one qualification to the number of 7,000 people are left still not yet processed. That creates a misunderstanding. It is true that there are only 7,000 people left on the U.S. list, but that leaves out a whole lot of people who never made it to the list because they are not allowed by the Vietnamese Government to contact the U.S. delegation directly.

Senator GRASSLEY. You are at least satisfied then, not with the Vietnamese Government, but you are satisfied that our State Department is cooperating with your efforts?

Dr. THANG. Yes.

Senator GRASSLEY. Mr. Childress, I guess, since you have experience with the National Security Council in former administrations, and if you were there today advising President Clinton, what would you advise him to do in order to formulate a more effective policy towards Vietnam?

Mr. CHILDRESS. I will give you an example. The Bush road map was the right approach. It posited reciprocity with Vietnam without providing the incentives before they performed, and it was structured in a balanced way that included Cambodia, POW/MIA, refugees, and a number of other things.

When the Clinton Administration assumed office, they endorsed the road map publicly. Within 18 months, they threw it out. The whole concept of reciprocity behind that was gone. The Phase I cri-

teria in the Bush road map have still not been met, and almost all of the Vietnamese objectives within that road map have been met.

So my advice to them would be, that is the approach that, historically, works with Vietnam. You get in a room with them—and I did it many times at the Politburo level—and you say, here is the deal. I can go this far, if you can do this. You trust that process to work; if it does not, you do not come forward with it.

They left the negotiating table in rages before, over the bombing of Libya, over hostile rhetoric, over Ross Perot's visit that promised them everything, and then I came in and they were going to throw us all out. But they always came back to the table because Vietnam knew they needed us more than we need them. That is fundamental when you are negotiating, to know your strength.

And it does not mean you are refighting the war because the only solid foundation we are going to have with Vietnam is if these issues left over from the war are actually resolved, otherwise, we are creating a future cancer.

Senator GRASSLEY. With the issue at hand then, do you think that if Congress were to pass this resolution of disapproval denying this status to Vietnam, that that would somehow lead to progress in emigration, in human rights, and in accounting for missing Americans?

Mr. CHILDRESS. On the immediate question of emigration, if the Congress wants to disapprove it, I would like it with something to make the message very clear, that because we have not gotten to the end game, the Congress says we will disapprove this waiver at this point when these specific things have taken place, bring it back, and we will address it and approve it.

So you put the carrot out there too along with the stick, you just do not disapprove it. But you make it clear to Vietnam what you are expecting, and you give a tool to the administration.

Senator GRASSLEY. Mr. Harter, along the same line, about the cases you made for full accounting being a high priority and your testimony about normalization of trade relations with Vietnam leading to gradual improvement in the efforts to provide full accounting, do you then believe that if we were to pass a disapproval resolution it would result in a step backwards in our attempts to account for missing service people?

Mr. HARTER. Well, what I said in our statement, was that we did not think that disapproving the waiver would help. We believe that there has been progress on the issue. We believe there is a lot more to be done.

We think that, by having a policy on engagement in dealing with the Vietnamese, it is the best way to try to encourage or urge them to continue to cooperate with us, provide more information, and get some of our unaccounted for personnel from the war accounted for so we can find out what ultimately happened to them and, in a case where they died over there, bring back remains, if we can find them.

Senator GRASSLEY. All right. Senator Moynihan?

Senator MOYNIHAN. Just to thank our panel. I have learned a great deal. I would say to Mr. Harter, and I do not have to tell you this, but that search can take such a long time.

I was our ambassador in India in the early 1970's when, by pure chance, the remains of an American transport plane was found in the jungles up in Osham, that operation of flying over the hump, as it was called, from Burma into Western China, and a plane had gone down. We had two dog tags, and that is about all, but that is two more men from World War II who were accounted for. But there still must be many, many, many, and it goes on and on. It is wonderful to know that you are there, caring as you do, and staying steady on.

I just want to thank you, Mr. Chairman. I want to recognize another Fletcher School graduate. I think we have learned a lot, and we have now to decide what to do.

Senator GRASSLEY. I have a couple of more questions I would like to ask.

Senator MOYNIHAN. Perhaps you would excuse me, our caucus has begun.

Senator GRASSLEY. Yes, I will. Our is going to start very shortly, so we will not be very long with the hearing.

Mr. Childress, I have a POW-related question for you. During the POW Select Committee's investigation in 1992—and as you know, several of us who have been in this room this morning were on that committee—we developed information from defectors from Vietnam of the existence of national security information within Vietnam's Central Committee on U.S. Prisoner Activities.

These documents would pertain to Vietnam's war time national secrets, equivalent to what we would be keeping in the National Security Council, where you used to work. First of all, do you believe that such documents and information may exist, and if so, why would we not press the issue and make certain whether it does or does not exist with the Vietnamese Government?

Mr. CHILDRESS. I think it undoubtedly exists. The Vietnamese are known as some of the best record keepers in the world. At the national level, the war with us was a matter of survival, and American prisoners and remains were part and parcel of their strategy in the peace negotiations as well.

There has been a lot of statistics thrown out about how many documents we have already, but if you look at the documents we have received, it is only about two percent of those tens of thousands of documents that actually pertain to missing Americans. They correlate to people that have returned, they correlate to other things.

There are, undoubtedly, important documents in Vietnamese archives that they have not turned over that would solve a lot of our MIA cases, because the three ways, he is a live prisoner, his remains, or convincing evidence why neither is possible, some of those documents could clearly resolve MIAs in all three categories.

Senator GRASSLEY. All right.

Dr. Thang, as you know, the President can waive Jackson-Vanik if the waiver will substantially promote freedom of emigration. In order to get a sense of how last year's discussion of the waiver and the waiver itself this year has affected emigration, I would like to ask you these three questions. How many lists of cases have you presented to the State Department over the last year?

Dr. THANG. We have presented 600 cases, and a group that I have worked with in North Carolina has presented a list of 200 Montagnards.

Senator GRASSLEY. All right. Now, how many of these, and I will call those high priority cases, have been resolved favorably?

Dr. THANG. We have received statistics from the State Department only in March, and by that time there were only about 20 cases resolved, out of 600.

Senator GRASSLEY. Twenty out of 600. How many have been resolved since the initial Jackson-Vanik waiver for Vietnam earlier this year?

Dr. THANG. We have not received any report or any briefing from the State Department on that.

Senator GRASSLEY. All right. Then, finally, in your judgment and based upon your direct experience working on emigration cases in your organization, do you believe that the waiver will substantially promote freedom of emigration, according to the statute?

Dr. THANG. I think that reciprocity is the key issue here. We need to send a very strong message to Vietnam, a very clear message, that the waiver should be conditional.

For instance, I would like to recommend that Vietnam should give all high priority cases that are interested in U.S. clearance for interview, that Vietnam should take action to combat corruption in the emigration process, that Vietnam should allow its workers to form independent unions in order to qualify for OPIC programs, and that Vietnam should demonstrate real progress in fulfilling its commitment under the copyright agreement before the waiver should be extended to Vietnam. If we send Vietnam that strong and clear message, I think that we may get some results back.

Senator GRASSLEY. Ms. Zwenig, earlier you were probably in the room when Senator Smith referred to the withdrawal of business people from Vietnam that was reported in The Wall Street Journal recently, kind of describing the situation there as dismal for business. Then it quoted one lawyer in Vietnam. "People are tired of waiting for economic reforms that come too little or too late."

Other reasons cited by U.S. investors in that article who were leaving Vietnam include high trade barriers, bureaucratic impediments, shifting tax, and foreign exchange regulations.

Then we have already read also about the IMF ending its lending to Vietnam due to Vietnam's failure to implement necessary reforms. Are your members that you have quoted more optimistic about the business climate in Vietnam than the IMF or other investors who have pulled out?

Ms. ZWENIG. Our members are realistic, just as the investors in China are realistic. There are problems in both those countries, but people are in it for the long haul. The lawyer you cite works for Caterpillar. Caterpillar is one of our corporate members, and I included a statement from Caterpillar as part of my testimony.

I think there were unreal expectations about Vietnam when Vietnam started opening up, and I think a lot of people went in there with those unreal expectations, and those people have left. But the companies that are in there are in there for the long haul, with all of the pitfalls that are before them.

But, if you read through the very thoughtful statements of the companies like Boeing, Caterpillar, CIGNA, Citibank, GE, those are companies that know how to make money and they are in Vietnam and they have been in Vietnam since they could be in Vietnam, and they are very much in support of the Jackson-Vanik waiver.

The argument is, is the glass half full or is the glass half empty? We happen to believe that, over time, the glass is going to become fuller, and fuller, and fuller. Just in the last three or 4 days, there have been stories out of Vietnam where they have opened up the insurance and service sector for 100 percent ownership, they are setting up a new business community to speed up the privatization of state-owned companies. The resident representative of the Asian Development Bank says, "These moves mean they are moving towards genuine privatization." The trend lines are in the right direction.

Senator GRASSLEY. Yes. You heard my question of Secretary Roth about the violation of the copyright agreement that we had. Now we are involved in the bilateral trade agreement negotiations.

Do your members have confidence that Vietnam will live up to the trade agreements, and is it the failure of their living up to the copyright agreement evidence that Vietnam might not be prepared to participate in normal trading relations with the United States?

Ms. ZWENIG. The companies work very closely with the government negotiators and have great confidence in their ability to work with the negotiators on the Vietnamese side. This is a country that sometimes does not even understand what the terms of negotiation are.

Just a step back to Jackson-Vanik. When that first came on the radar screen in Vietnam 3 years ago, Vietnamese said to me and to others, why does Jackson-Vanik even apply to us? We do not have any Jews here in Vietnam.

It is a long, long learning curve. We are now at the point, 3 years later, after 3 years of discussion on Jackson-Vanik, where we can report there is progress on ROVR, there is progress on the ODP program, there is progress on the Montagnards question, the same sort of progress is taking place in the context of trade relations. It is our feeling, our companies' feeling, that you get that progress by engagement.

Senator GRASSLEY. Well, listen. I want to say thanks to all of you. I am through with my questioning. I might suggest to you, and I should have suggested to the other two panels, that those of us who were here, and more importantly, those that were not, may have some questions that we would want to submit in writing. If you would receive those questions, we would ask for a response within 10 days so that we can close this record very quickly. Otherwise, I just simply thank you for your testimony. It has been very worthwhile. I appreciate very much your giving attention to this committee's work. Thank you very much. Hearing adjourned.

[Whereupon, at 12:31 p.m., the hearing was concluded.]

APPENDIX

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

PREPARED STATEMENT OF RICHARD T. CHILDRESS

Mr. Chairman: Thank you for the invitation to testify.

The immediate question before you is how to respond to the administration's waiver of the Jackson-Vanik Amendment relating to free immigration. Statistics, open reporting and existing testimony concerning Vietnam's policy tell any objective observer that Vietnam does not permit free immigration and is unlikely do so, as envisioned by the administration, in the foreseeable future. Indeed, the current focus on ODP and ROVR should not obscure the fact that the average Vietnamese citizen, regardless of a prior connection to the United States, does not enjoy this basic right. By definition, if the Jackson-Vanik conditions had been met, the administration would not have issued a waiver.

Three former Presidents wrote to President Clinton almost two years ago, before the current ROVR candidates returned to Vietnam from first asylum camps in Southeast Asia, urging strenuous efforts to ensure these interviews were conducted before they left for Vietnam. They went anyway, and we are still engaged in what was a predictable drill from Hanoi—partial fulfillment after extra-ordinary U.S. effort and incentives, plus a promise to do better.

But, a larger question is actually before your committee. It concerns current administration policy toward Vietnam of which Jackson-Vanik provisions are merely one of the perceived impediments. I would urge the committee to look closely at the overall policy as well as the specifics related to Jackson-Vanik. The strategy the administration pursues to obtain its policy objectives and the actual costs to our national credibility need to be understood and weighed carefully. Since the administration attempts to justify the waiver in both policy terms and progress on immigration, it is fair for you to weigh the larger questions in your deliberations as well.

As an Asian specialist by education and experience, in and out of government for over three decades, I have been intimately involved in Vietnam issues for much of that time. In the Reagan Administration, I led or participated in every policy level delegation to Hanoi, as well as negotiations in New York, Bangkok and Vientiane. Since that time, I have remained deeply engaged in the issues, written about U.S.-Vietnam relations and testified in several committee hearings.

During my period in government, I understood our policy and so did the Vietnamese. Simply put, we made it clear that for the United States to move toward normalization with Vietnam, they would have to withdraw from Cambodia and, as a practical matter, should they withdraw and not have substantially resolved the humanitarian issues from the war, we could still not move forward. During this period (1981-1989), Vietnam re-energized the orderly departure program, agreed to new measures on Amerasians, made significant releases of re-education camp prisoners and allowed a significant number to emigrate, unilaterally repatriated 163 remains of Americans that had been in storage and agreed to joint crash site excavations.

A statistical analysis will show that vastly greater progress was made on refugees and 90% of the American servicemen accounted for from Vietnam occurred before any major incentives were provided. [For example, since February, 1994, when the Clinton Administration announced the decision to lift the trade embargo, followed by the May, 1994, decision to establish consular offices and the July, 1995, decision to establish full diplomatic relations, a period of about 4 1/2 years, only 40 Americans have been accounted for from Vietnam, according to DoD statistics. By contrast, 328 Americans had been accounted for from Vietnam prior to those actions, and all unilateral repatriations of stored remains occurred before 1991, when such unilateral returns ceased.] The United States was then blocking IFI loans, had a

full trade embargo in effect, had no embassy or consular office in Hanoi, and there were no official humanitarian aid programs beyond those directly related to our humanitarian objectives.

This was not because we were particularly talented or did not look forward to normalization, but because our policy and our rhetoric were consistent. Our priorities were not nebulous formulations concerning the future or healing, but related to our specific objectives, Vietnamese aspirations, to include normalization, and mutual understanding of what was acceptable and what was not.

It was not an easy path, but contrary to current rhetoric, we were very much engaged with Vietnam. Vietnam halted negotiations from time to time with excuses that ranged from "hostile rhetoric" to the bombing of Libya. It was a pattern, but they always returned to the table. They were meeting internal and international pressures which we recognized.

We also recognized that Vietnam knew their relationship to the United States was critical to their future. It still is, but not in the way the administration portrays. They tend to issue dire warnings to POW/MIA families and others that if the administration's strategy is not followed, Vietnam will simply stop cooperation Nonsense!

President Bush came into office as Vietnam was withdrawing from Cambodia, but POW/MIA and refugee issues were still not resolved. Admirably, they designed a roadmap of reciprocal actions between the United States and Vietnam that included specific provisions on all of the relevant issues. Again, significant progress was made during this period, to include establishment of the Joint Task Force-Full Accounting—the trade embargo was in effect, there was no consular office and no embassy.

When President Clinton assumed office, I was initially encouraged at his public pronouncements on Vietnam which were consistent with the evolution of our relationship and put emphasis on the unfulfilled promises of the roadmap.

I hoped I was seeing a continuum of U.S. policy, that it was institutionalized, and no one could say it was partisan. Had the rhetoric translated into policy, Vietnam would have received the important message that there was some unfinished business from the war that needed to be resolved and it was in their interest to move rapidly to complete the process. Sadly, that did not happen.

If you revisit the roadmap provisions today, you will find that the United States has now met all or most of Vietnam's objectives, and U.S. objectives, even from Phase I of the three-phase roadmap, have not been fulfilled. The roadmap was dropped, four solid criteria came from the White House that the bureaucracy changed in short order, and Vietnam was greatly pleased at a new cadre of defenders, public and private, who blamed U.S. policy for Vietnamese intransigence.

I have struggled since to understand what U.S. policy really has been for at least the last five years. The best way I have been able to define it for myself is a policy of "if we build it, they will come." It is a field of dreams. Initial rhetoric to undergird this naivete in concrete terms was humorous in private, but embarrassing in public. Vietnam was to be the new tiger in Asia, the lack of the Soviet Union as a benefactor had made them reformers, American businessmen would find MIA's, the Politburo had forgiven us our self-assumed guilt, and we would all heal together. The proponents of this specific nonsense have had to retract somewhat in the face of reality, but they continue to spew such fantasy, saying it will just take a little longer for Vietnam to join us on this "field of dreams."

That has made the policy more destructive, because in order to maintain the fiction of substantial movement, the administration has resorted to false certifications to this body that Vietnam is fully cooperating on POW/MIA; issued waivers and blown up incremental steps related to Jackson-Vanik as major breakthroughs; ensured that the POW/MIA issue is outside of real policy except for DoD; and, by exclusion and spin, attempted to keep refugee and POW/MIA advocates, within and outside of the administration, under control. I am convinced now that the administration is so wedded to this policy that it is on autopilot, and congressional concerns or facts are simply obstacles to overcome by whatever means.

If the administration had honestly spelled out its policy approach—that they believe refugee issues and POW/MIA are bilateral issues of real concern, but secondary to normalization, and that it would all work in that order—an honest debate would have been possible.

We now face a new cadre of the best and brightest. Issues from the war remind them of a painful past and, with the end of the cold war, past pain interferes with their vision. Further, they believe their policy, regardless of the means to get there, will heal wounds broadly, and Americans will heal because they will believe in the broader dream as well. And, of course, Vietnam has welcomed such a policy as enlightened, appropriate and publicly reinforced their views back to them. Today's pro-

ponents don't realize how much mutual respect was given and received in earlier encounters, but the Vietnamese know the difference; they have the continuity.

The reason current policy was not honestly presented is because it would have been met with a firestorm by many who would have recognized the naivete concerning the Vietnamese leadership, their processes, their goals and how they negotiate. Further, as leverage was continually lost, the possibly permanent price that would be paid by POW/MIA families and refugees was too high. I am also convinced that current policy will eventually be recognized by a new Vietnam as a lost opportunity for a more solid foundation of bilateral relations.

But, we are stuck with a policy and policy-makers that have no compunction about revising chronologies, providing false certifications and attempting to encompass past progress as their own. Some of it stems from basic ignorance of history, some from institutional spin and some from people who actually do not care.

None of this is lost on the Vietnamese. They are now convinced, to use some contemporary phrases, that "history is on their side" and believe that the issues of refugees and POW/MIAs, if not consigned to the "trash bin of history," will certainly not require extraordinary effort to please the Washington policy community.

These perceptions in Hanoi are the most worrisome because from experience, I know it took a long time in the early 1980's to convince the collective leadership in Hanoi that we actually cared. They don't have our public debates, but they monitor ours. They have continuity, while we search and grasp for small indications of dissent in Hanoi and elevate them to an indication of major change. They do not need to look for and analyze minutiae. It is all here for them to see. They see organizations and individuals, the media and government officials endorsing their national goals, downplaying some of our core values and blaming ourselves for a lack of full Vietnamese cooperation. It gives them encouragement that their long term strategy has been right since the beginning.

And, their analysis of current trends is correct, so let's not bash the Vietnamese Communist Party for correct analysis. I share their analysis. While meeting all of Vietnam's core objectives up front, which they view as a component of survival, and expecting reciprocity over time on our humanitarian concerns, we provide the Vietnamese with a larger set of piano keys to play at the negotiating table.

Vietnam knows that the U.S. is a major power and unless our humanitarian issues are actually a subject of serious, high level negotiations, not just talking points, they simply look at past experience and know they have seen it all before.

My analysis is not based solely upon my tenure in the Reagan White House, but also reflects discussions with current and past officials, analysts and regional specialists, many of whom are distressed as well. Our distress is not just over the way current policy is conducted, but the tenor of the debate that assumes opposition voices are re-fighting the war and don't understand the trends in Vietnam. Most of us have dealt with Vietnam and Vietnamese issues much longer and in greater intimacy. It is Orwellian to see advocates in and out of the administration continue to believe that negotiations began only a few years ago and that stunning progress has resulted from current policy.

Refugee advocates do not agree with the proposed waiver because they have seen the perfidy of Vietnamese policy in the past. POW/MIA analysts do not believe Vietnam is cooperating in full faith. They know that with full cooperation, hundreds of Americans can be accounted for by the return of remains and a complete opening of Vietnamese archives. The business community lobbies hard, but none expect significant profits for years. No serious strategic planner believes Vietnam can alter any power balance in Asia, and the Politburo only respects those who hold their values as consistently as they continue to hold their own.

If a Vietnam syndrome means not understanding Vietnam, then it resides in this administration. Current policy is not central to many of the recent trends in Vietnam; they are a result of the global economy, a fear of the PRC, the good work of ASEAN and a few brave voices in Hanoi. We should help Vietnam to adjust, but only in the context of an honest and straightforward effort by them to address our concerns as well.

Statement of Senator Helms
Finance Committee, Subcommittee on International Trade
Hearing on S. J. Res. 47, the Resolution of Disapproval of the Jackson-Vanik Waiver for Vietnam

July 7, 1998

Mr. Chairman, I am grateful for the opportunity to offer my views regarding this important legislation. I certainly commend Senator Smith for having taken the initiative regarding S. J. Res. 47, of which I am an original cosponsor and which, of course, I strongly support.

Mr. Chairman, last November, in a letter to Secretary Albright, I urged the administration not to waive the freedom of emigration requirements in the Trade Act of 1974 with respect to Vietnam. My argument was clear and simple: Vietnam did not allow free emigration, and this is still the case today, nearly four months after the President's misguided decision to waive Jackson-Vanik.

In fact, the evidence reveals clearly that the Vietnamese government slowed the emigration process in the wake of the March waiver. In the three months prior to the waiver, the Vietnamese government cleared roughly 13,000 individuals for interviews under the U.S. Resettlement Opportunities for Vietnamese Refugees program. But, immediately following Mr. Clinton's unwise waiver, the Vietnamese government slowed the clearance process dramatically; since then, only about 1,400 people have been cleared.

Is it not clear, in the light of all this, that the Vietnamese government was merely trying to curry favor with the United States to encourage the President's waiver; the Vietnamese government then reverted to form once they fooled President Clinton. This was entirely predictable, these familiar Communist tactics which have duped the United States repeatedly.

Moreover, there has been scant progress regarding the plight of the Montagnards. More than 900 of these courageous friends of the United States, who fought so valiantly with us in the Vietnam War, are eligible for the Orderly Departure Program. But, only 14 have been cleared for interview by the Vietnamese authorities.

I am aware that Assistant Secretary Roth plans to travel to Vietnam and visit with the Montagnards, and I appreciate that. But the fact of the matter is that by President Clinton's granting this waiver, a great deal of our leverage with the Vietnamese government has been lost.

The immediate purpose of this waiver was intended to pave the way for Overseas Private

Investment Corporation and Export-Import Bank financing for American investment in Vietnam. The administration and the business community will boast that the waiver will facilitate economic reform in Vietnam, but the effect is likely to be precisely the opposite.

The history of foreign aid in many instances is a disaster. Rarely, if ever, has it lifted a nation from poverty. Rarely, if ever, has it compelled countries to lower their trade barriers to U.S. products. And rarely, if ever, has it served U.S. foreign policy interests, as evidenced by the number of nations which, despite decades of receiving millions of dollars of the American taxpayers' money, consistently vote against us at the United Nations.

We must ask why trade and investment in Vietnam remains so abysmally low, four years after President Clinton lifted our embargo. The much ballyhooed Vietnamese "market" has yet to materialize because business conditions in Vietnam are, quite simply, awful.

The fundamental reason for that is the corrupt and socialist practices of the government of Vietnam. Obstacles to trade and investment appear at every turn in Vietnam. Corruption is endemic. There are still no clear property rights. There is no credible judicial system. Data on the banking and state sectors are still tightly controlled.

Rather than facilitate reform, OPIC and Ex-Im financing is likely to cement this situation by encouraging business deals that otherwise would not happen. This will put a crutch under the Vietnamese government, allowing it to procrastinate on economic reform. Meanwhile, American taxpayers will be on the hook for millions, if not billions, of dollars.

Mr. Chairman, for decades, Communists have been practicing Lenin's dictum -- if you thrust forward with your sword and find mush, move forward. If you find steel, retreat.

Let's use our leverage to goad the Vietnamese government to relax its political and economic controls on the people of Vietnam. Senator Bob Smith's resolution of disapproval is an excellent place to start and I urge the committee to report it favorably.

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Statement by Senator John F. Kerry
before the International Trade Subcommittee of the
Senate Finance Committee
on the Renewal of the Waiver of the Jackson-Vanik Amendment for Vietnam
July 7, 1998

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. If 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 relation 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 10-15 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 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,a 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.

STATEMENT OF SENATOR JOHN McCAIN
BEFORE THE SUBCOMMITTEE ON INTERNATIONAL TRADE
OF THE COMMITTEE ON FINANCE
JULY 7, 1998

Mr. Chairman, members of the subcommittee, I am pleased to have this opportunity to testify today in support of 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. If this statement sounds familiar, it is because I submitted testimony two weeks ago before the House Subcommittee on Trade on the same issue.

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 nondemocratic countries. 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, and relations with Vietnam should continue to improve with the facilitation of greater levels of trade.

The evidence that Vietnam has liberalized its emigration policy is compelling. 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 who seek to emigrate.

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.

TESTIMONY OF

STANLEY O. ROTH

Mr. Chairman, thank you for the invitation to address the International Trade Subcommittee on S.J. Res. 47, a measure introduced to disapprove President Clinton's waiver of Jackson-Vanik for Vietnam. This is my first day back on the job in Washington after a long, exhilarating trip to China. With the summit finally behind us, I am pleased to have the opportunity to switch gears today and put forward what I believe is the Administration's strong case for renewal of Vietnam's Jackson-Vanik waiver.

My testimony today, Mr. Chairman, will focus primarily on the immediate issue at hand: whether or not Vietnam qualifies for the renewal of a Jackson-Vanik waiver under the terms established by the 1974 Trade Act. The Jackson-Vanik Amendment requires that certain economic benefits be denied countries that 1) deny their citizens the right or opportunity to emigrate; 2) impose more than a nominal tax on emigration, visas, or other documents required for emigration; or 3) impose more than a nominal tax or other charge on any citizen as a consequence of the desire to emigrate. The Amendment, does, however, authorize the President to waive the above requirement if such a waiver would serve to substantially promote the freedom of emigration in a given country.

Earlier this year, President Clinton made a determination that Vietnam fits within the parameters for a waiver. Noting a significant increase in efforts by the Government of Vietnam (GVN) to accelerate emigration processing as requested by the United States, and stating his conviction that extension of a waiver would further encourage this positive trend, President Clinton granted a Jackson-Vanik waiver to Vietnam on March 10, 1998. He did so in the knowledge that the annual Jackson-Vanik renewal process would provide the Administration and the Congress with an opportunity to review the impact of this decision three months down the road. On June 3, 1998, citing additional steps taken by the GVN to open up emigration following the March determination, the President renewed Vietnam's waiver for the upcoming year.

I would like now to review the specific steps taken by the GVN which persuaded the President to extend and then renew a Jackson-Vanik waiver for Vietnam.

In April 1996, the United States and Vietnam agreed in principle to a new resettlement program for so-called Vietnamese "boat people." The initiative, referred to as the Resettlement Opportunity for Vietnamese Returnees (ROVR), was designed to offer a final chance at resettlement

in the United States to eligible Vietnamese who were then still in camps of first-asylum in Hong Kong and Southeast Asia or who had recently returned to Vietnam. In January 1997, the U.S. Government (USG) and the Government of Vietnam signed an agreement on the mechanics of the ROVR program, establishing a target of roughly 1,500 interviews per month beginning in April 1997.

The program, as we all know, got off to a dismal start; due to cumbersome clearance procedures, by October, 1997 the GVN had cleared only 728 of the 16,385 names we submitted earlier that year. After assuming his post in May 1997, Ambassador Pete Peterson made repeated interventions with the GVN, urging accelerated implementation of the ROVR agreement during meetings at every level from the top leadership down. In response to Vietnamese insistence that the applicant log-jam was due to logistical problems, Ambassador Peterson strongly encouraged the Government to streamline its clearance procedures, making it understood that consideration of a Jackson-Vanik waiver was contingent upon rapid implementation of the ROVR agreement. Secretary Albright conveyed the same message to the Vietnamese when she traveled to Vietnam later that summer.

In response to our requests, the GVN significantly modified its processing procedures for ROVR in October 1997. First, Vietnam dropped its requirement that ROVR applicants obtain a passport and an exit permit *prior* to interview by INS. Removal of this bureaucratic obstacle greatly enhanced our ability to move cases quickly and efficiently through the application process. Second, jurisdiction for the program was taken out of the hands of provincial and local officials and placed with the Ministry of the Interior. Provincial and local officials had been widely accused of foot-dragging and corruption, and so central Government control over the project further pushed the ROVR process forward.

As a result of these two changes, Vietnam's performance in processing ROVR applicants improved rapidly and dramatically. In the five months after these changes were implemented, the GVN cleared over 13,000 applicants for INS interviews. The Vietnamese authorities, moreover, were cooperative in processing passports and exit visas for those individuals approved by INS.

The GVN has continued to make progress on resettlement issues since President Clinton's original waiver determination in March. At the end of April, Vietnam brought its procedures for processing former reeducation camp detainees under the Orderly Departure Program (ODP) into

line with the new streamlined procedures for ROVR, eliminating the requirement that passports and exit visas be obtained prior to INS interviews. On June 3, the GVN went even further, announcing that *all* Montagnard ODP cases would henceforth be processed in accordance with the accelerated procedures. The first 359 people to be processed under these new procedures were interviewed during the May 12-20 INS trip to Ho Chi Minh City. Over 480,000 Vietnamese have emigrated to the United States via the ODP program since 1979; now, thanks to these procedural changes, we anticipate completing interviews for most of the 6,900 remaining applicants - including 900 Montagnards - by the close of 1998.

Mr. Chairman, I would like now to address what I understand to be the main criticisms of Vietnam's performance on ROVR and ODP implementation.

1) **A large number of ROVR applicants have been denied interview clearance.** In January, 1998 the GVN announced that 3003 people could not be cleared for interviews. The majority of these individuals, the GVN told us, had moved or were otherwise unlocatable. We have reviewed our ODP case files and other sources of information and confirmed these problems were real. We have then worked to track down these individuals and establish new contact information. As we provide new information to the GVN, the number of individuals in the non-cleared category continuously declines. Only 994 people remain on this list as of June 29. We are confident that as we continue to bring new information about these individuals' whereabouts to light, the majority will be cleared and granted interviews by INS.

   Other reasons given by the GVN for non-clearance include: 1)refusal to meet with Ministry of Interior officials; 2)loss of interest; 3)criminal charges. After all cleared ROVR applicants have been processed, we will undertake to verify the claims of the Vietnamese authorities regarding this group of individuals in order to ensure that all eligible applicants who remain interested have the opportunity to have their cases heard.

2) **Resettlement programs are marred by corruption.** We are aware of allegations that emigration applicants have been forced to pay bribes in exchange for required documents, clearances and exit permits. We strongly condemn such practices and have repeatedly raised

concerns about reports of corruption with the Vietnamese authorities. The transfer of the clearance process from provincial and local government to the Ministry of the Interior last October was in large part an effort to address this very issue. We will continue to encourage the GVN to take steps to protect against these abuses. At the same time, our program officers in Vietnam are making efforts to educate ROVR applicants about corruption problems.

3) **Now that it has the waiver, the Government of Vietnam believes it no longer needs to cooperate.** The evidence simply does not bear this out. The GVN has continued to clear a substantial number of eligible ROVR applicants for interview since the March waiver determination, albeit at a slower rate than that of the previous five months. Vietnam cleared 13,204 of the over 18,000 potential ROVR candidates for interview between October 1, 1997 and March 9, 1998. Since then, the GVN has cleared 1,510 additional individuals, and we have continued to submit new names to the GVN for clearance. Our people on the ground who work closely with the Vietnamese on resettlement programs have indicated that the remaining cases are those which are more difficult to adjudicate and more logistically challenging. More importantly, however, the GVN has taken independent action to keep the positive momentum going, including simplifying ODP clearance procedures and granting unconditional access to the remaining Montagnard applicants.

In short, Mr. Chairman, in the case of Vietnam, the Jackson-Vanik Amendment is working just as its authors intended. The prospect of a waiver prompted Vietnam to simplify processing procedures for ROVR last October. It then served to encourage significant progress in clearing applicants for interview. With the waiver granted in March but a review process around the corner in June, Vietnam understood the need to demonstrate a further positive evolution, hence the additional procedural simplifications made in April and June. Next year Vietnam will again be required to face review; to continue enjoying the benefits that the Jackson-Vanik waiver provides, the GVN will be constrained to continue taking steps to advance the freedom of emigration.

I recognize, however, that the debate over Vietnam's Jackson-Vanik waiver has expanded beyond the narrow parameters of emigration to include other issues, notably Vietnam's progress on POW/MIA accounting, human rights, labor rights and economic liberalization. While each of

these are important bilateral issues in and of themselves, none are spelled out as criteria in the actual Jackson-Vanik Amendment. In making consideration of these issues an integral part of our deliberations, Mr. Chairman, we are thus raising the bar and asking this law to do things it was not designed to do. We have other tools at our disposal to deal with POW/MIA accounting, human rights, labor rights and trade, and I would suggest that the objectives of the Jackson-Vanik Amendment would be best served if we did not conflate this review process with a referendum on our overall relationship with Vietnam.

Nonetheless, let me briefly address each of the main areas of concern.

- **POW/MIA Accounting**. The fullest possible accounting of American POWs/MIAs remains the highest priority in our bilateral relationship with Vietnam. The GVN understands the importance of the POW/MIA issue to the American government and people and has provided excellent cooperation with our accounting efforts over the past several years. This cooperation has led to concrete results. First, 30 joint field activities and Vietnam's unilateral investigation of 115 cases has led to repatriation of 233 and identification of 98 remains since 1993. Second, the fate of 153 of 196 'last known alive' priority cases has been determined, and the remaining 43 cases are under active investigation. Third, 22 Vietnamese witnesses have participated in trilateral investigations with Laos since 1994, leading to recovery and repatriation of remains associated with 8 unaccounted for Americans in January 1996 and 4 more in October, 1996. Vietnam has identified 32 witnesses for participation in future operations in Laos, and is continuing to seek out other knowledgeable witnesses. Fourth, Vietnam has unilaterally provided 300 documents consisting of 500-600 pages, facilitated conduct of over 195 oral histories, and enabled U.S. personnel to examine and document about 28,000 archival items, (including sketches, maps, photos, records, personal artifacts, aircraft wreckage, identification media, etc.) from museums, libraries, tradition houses, and other repositories.

  We established diplomatic relations with Vietnam in 1995 based on results achieved to that date, with the expectation that normalization would further enhance cooperation and produce additional results. The President has validated the GVN's continuing efforts on POW/MIA accounting three times since 1995, most recently

on March 4 of this year.

- **Human Rights.** This is an area where Vietnam's record is far from exemplary. As stated in our annual Human Rights report, the GVN continues to deny or curtail many basic freedoms, including freedom of speech, association, and religion. We are actively engaging the GVN on these issues; just a month and a half ago, Assistant Secretary for Democracy, Human Rights and Labor, John Shattuck, led our sixth bilateral human rights dialogue with the GVN here in Washington. During these meetings we raised both general human rights issues as well as specific detention cases of concern to us.

  While we clearly have a long way to go in encouraging Vietnam to respect and protect its citizens' human rights, our engagement with the GVN on these issues *has* fostered increased openness within Vietnam. In the three years since normalization, restrictions on personal liberty have been relaxed, most notably in the area of religious freedom. Earlier this spring, for example, the GVN allowed 8 bishops and 3 priests to travel to the Vatican to attend a meeting of regional Catholic leaders. The GVN also reached an agreement with the Vatican which led to the installation of an Archbishop in Ho Chi Minh City on April 2. The past few years have also seen an increased tolerance of public criticism of corruption and inefficiency and the release of a handful of prominent jailed dissidents. We will continue to press Vietnam for improvement on human rights at every opportunity and at the highest levels of government.

- **Labor Rights.** The GVN has made some progress on the labor front. Vietnam returned to the International Labor Organization in 1992 and has since ratified 14 ILO conventions -- two as recently as 1997. Vietnam's labor code and associated laws recognize many basic worker rights, including prohibition of compulsory labor and child labor, although information on observance and enforcement of these laws is admittedly incomplete. Officers from our embassy in Hanoi and our consulate general in Ho Chi Minh City regularly garment and other to monitor the work environment and report that conditions are improving. After the initial Jackson-Vanik waiver was granted and OPIC-led fact-finding delegations to Vietnam validated that worker conditions were in accordance with criteria in their authorizing legislation, the USG extended OPIC programs to Vietnam in March of this year.

This is not to suggest that Vietnam's labor policies are problem-free; on the contrary, since labor unions in Vietnam are party-controlled, workers continue to be denied the freedom of association. We have strongly encouraged increased dialogue with Vietnam on this issue so that we can both better understand Vietnam's labor practices and encourage Vietnam's progress toward full compliance with international labor standards.

- **Trade**. Vietnam is still a difficult place to do business. After nearly a decade of economic reform, the pace of change has slowed - in part due to slow decision making in Hanoi. We are using a variety of levers to encourage the Vietnamese authorities to stay the course of reform, including through bilateral trade negotiations and WTO accession discussions. As a result of the good will generated by the March waiver determination, we have made some progress in moving these negotiations forward. We must continue to press for progress in these difficult talks. While the current business environment is murky, at best, Vietnam, the twelfth most populous country in the world with a population of nearly 78 million, is an important potential destination for U.S. exports and investment. To be successful, U.S. enterprises seeking to conduct business in Vietnam need access to U.S. Government trade support and investment promotion programs - programs that would be unavailable if the Jackson-Vanik waiver were withdrawn.

While we still have a large number of problems to work through in our bilateral relationship with Vietnam, Mr. Chairman, engagement with the GVN has led to progress - albeit uneven progress - on all of the above issues. Let me then conclude my testimony this morning where I began, which is by saying that with respect to the specific criteria elaborated in the 1974 Trade Act, Vietnam *does* qualify for a renewal of its Jackson-Vanik waiver. The GVN has made significant strides in accelerating emigration processing as requested by the United States, and we firmly believe that renewal of the waiver will continue to advance the cause of freedom of emigration in Vietnam.

Assistant Secretary Roth Testimony
on
Renewal of the Jackson-Vanik Waiver
July 7, 1998
Question for the Record
Submitted by Senator Graham

Question

1. There are reports of rampant corruption in Vietnam's emigration process. These reports indicate that emigrants have been forced to pay several hundred to several thousand dollars to obtain an exit visa. Does the State Department have any information supporting these allegations or plans to investigate them? If such reports turn out to be true, what actions does the State Department plan to take in order to address these violations of the Jackson-Vanik amendment?

Answer

As I noted in my July 7 testimony, we are aware of allegations that emigration applicants have been forced to pay bribes in exchange for the required documents, clearances and exit permits. We strongly condemn such practices and have separately raised concerns about reports of corruption with the Vietnamese authorities. The transfer of the clearance process from provincial and local government to the Ministry of Interior last October was in large part an effort to address this very issue. We will continue to encourage the Vietnamese government to take steps to protect against these abuses. At the same time, our program officers in Vietnam are making efforts to educate ROVR applicants about corruption problems.

Assistant Secretary Roth Testimony
on
Renewal of the Jackson-Vanik Waiver
July 7, 1998
Question for the Record
Submitted by Senator Graham

Question

2. Although the government of Vietnam has changed its policy for processing emigration applications and no longer requires applicants to obtain exit visas prior to being interviewed by American officials, I understand that applicants must still obtain government clearance prior to being interviewed. Is this requirement in keeping with a free and open emigration process? Are there any indications that the Government of Vietnam is using this requirement to prevent certain groups, such as Montagnards or former political prisoners, from being considered for emigration?

Answer

Applicants are now required only to obtain letters of introduction from the Ministry of Interior prior to interview by U.S. officials. The Ministry of Interior has not denied these letters to applicants. Applicants obtain government clearances after U.S. officials have approved cases for entry into the U.S.

The government of Vietnam has been cooperating with us in expediting the departure of approved cases from Vietnam and there is no evidence that it is using post-interview clearance procedures to restrict the emigration of Montagnards or former political prisoners.

Assistant Secretary Roth Testimony
on
Renewal of the Jackson-Vanik Waiver
July 7, 1998
Question for the Record
Submitted by Senator Graham

Question

3. How many individuals/cases were cleared by the Government of Vietnam for interview under the Resettlement Opportunity for Vietnamese Returnees ((ROVR) program over the three months (Dec 97-Feb 98) prior to the The Jackson-Vanik waiver? How many individuals/cases have been cleared since the waiver?

Answer

There were 12,784 individuals cleared for interview in the three months prior to the grant of the waiver of the Jackson-Vanik amendment. This constituted the bulk of ROVR applicants and the prospect of a waiver was an important factor in encouraging Vietnam to provide these names. A further 1,510 individuals have been cleared for interview since the waiver was granted and we have continued to submit new names to Vietnam for clearance, 523 since April 8. To date, the Vietnamese government has cleared for interview 82 percent of the persons we believe to be eligible for the ROVR program.

Assistant Secretary Roth Testimony
on
Renewal of the Jackson-Vanik Waiver
July 7, 1998
Question for the Record
Submitted by Senator Graham

Question

4. I understand from one of my constituents that an individual recently released from the "reeducation camps," Mr. Nguyen Van Thai, has had difficulty obtaining an exit visa from the Vietnamese authorities. His family feels that this is a case of systematic obstruction by the government of Vietnam in denying this individual an exit visa. Is the State Department familiar with this case or does it have plans to investigate it? What actions have been or will be taken by the State Department to assist with this case?

Answer

Files on Orderly Departure Program (ODP) applicants are maintained at the ODP offices in Bangkok. We have faxed Mr. Nguyen Van Thai's name to the Bangkok ODP office and asked the director to provide us with all available information, which we will provide to you directly on receipt.

As I noted in my testimony, Ambassador Peterson, Assistant Secretary Taft and others at various levels in our government repeatedly intervened with the Vietnamese to urge accelerated implementation of emigration procedures. In response to our requests, Vietnam significantly modified its processing procedures for ROVR in October and at the end of April dropped the requirement for former detainees in reeducation camps to obtain passports and exit permits prior to interview by American officials. This change has facilitated the processing of ODP applicants.

Assistant Secretary Roth on the Jackson-Vanik Waiver for Vietnam
July 7, 1998
Question for the Record
Posed by Senator Moynihan

Question

In granting a waiver for Vietnam of the prohibitions contained in the Jackson-Vanik amendment, what did President Clinton say concerning freedom of emigration from Vietnam? Would the Administration have had to issue a waiver if Vietnam allowed its citizens to freely emigrate?

Answer

In making his decision to grant a waiver of the prohibitions contained in section 402 of the Trade Act of 1974, as amended, ("the Act") to Vietnam on March 10, 1998, President Clinton reported to Congress that he had determined, as stipulated in section 402 (c), that such a waiver would "substantially promote" the freedom of emigration objectives of this section and that he had received assurances that the emigration practices of Vietnam will henceforth lead substantially to the achievement of the objectives of this section. Likewise, he extended that waiver for one year after determining that "continuation of the waiver applicable to Vietnam will substantially promote the objectives of section 402" of the Trade Act.

The President based his decisions to grant, and later, to extend this waiver on the positive steps the Government of Vietnam has taken to accelerate emigration processing.

The country's emigration policy has liberalized over the last 10-15 years, permitting over 480,000 Vietnamese to emigrate to the United States under the Orderly Departure Program (ODP). Moreover, in October 1997, it eliminated the requirement for applicants under the Resettlement Opportunity for Vietnamese Returnees (ROVR) agreement to obtain exit permits prior to interview by the Immigration and Naturalization Service (INS). Since the initial waiver was made in March 1998, Vietnam has made consistent progress on its ROVR commitments with the result that, as of June 15, 3267 ROVR beneficiaries have departed Vietnam. The GVN also recently agreed to apply the more liberal emigration procedures it developed for ROVR to other Orderly Departure Program (ODP) cases. The promise of the waiver, and later, its continuation was an important factor influencing the Vietnamese to make these concessions.

If the President concludes that the emigration criteria of subsections 402 (a) and 409 (a) have been met for a particular country, he may determine that the country is "not in violation" of those subsections. In such a case, a waiver under section 402(c) would be unnecessary. However, in the case of Vietnam, the President has not made such a determination.

Statement of Senator Bob Smith
Finance Committee, Subcommittee on International Trade
Hearing on S.J. Res. 47, Disapproving Waiver of Jackson-Vanik
Freedom of Emigration Requirements for Vietnam

July 7, 1998

Mr Chairman, as you know, Senate Joint Resolution 47 is a resolution disapproving the President's first annual waiver of Jackson-Vanik freedom of emigration requirements for Vietnam in order for U.S. trade credits to be extended for business deals with Vietnam. The Trade Act of 1974 provides Congress specific 'fast-track' authority to disapprove Presidential waivers when the situation warrants such action in the judgement of the Congress. That is what S.J. Res. 47 does. It reverses the President's June 3rd waiver.

Congressional intent, and indeed, the position of this Finance Committee in 1974, was crystal clear -- communist countries that did not permit free emigration to their people would not be eligible for U.S. trade credits and investment guarantees. The Trade Act of 1974, specifically Section 403, also made clear that POW/MIA cooperation was to be a factor in whether to grant these trade benefits.

These are the two matters that are the focus of my statement here this morning -- mainly freedom of emigration, but also POW/MIA accounting. I also think this Committee needs to look at the reality of the current investment situation in Vietnam. This is hardly the time to be putting more American tax dollars at risk in this country.

I want to thank my colleagues, Senator Grassley and Senator Roth, for agreeing to my request that a hearing be held on this matter before my Joint Resolution, cosponsored with Senator Helms, is reported to the full Senate.

Anytime we consider legislation that deals in any way with freedom for the Vietnamese people, I think it goes without saying that we will find widespread support in the Congress for at least having a hearing to put our concerns formally on the record. In view of the Trade Act of 1974, and its Jackson-Vanik provision now being applied to Vietnam for the first time on an annual basis, this is certainly the right time and the right place to have this hearing, and so again, I am personally grateful to you and the other Members of the Finance Committee.

I also want to thank my good friend, the distinguished Chairman of the Foreign Relations Committee, Senator Jesse Helms, for supporting my resolution. I did a little research on the Jackson-Vanik law, and I found that the Chairman of the Finance Committee, Senator Roth, is probably the only person from this Committee still serving in the Senate that might remember Senator

Helms' personal involvement with the amendment by Senator Jackson to the Trade Act of 1974. Both Senator Roth and Senator Helms were two of the original twelve cosponsors of this law when it was first introduced in the Fall of 1972.

And it was Senator Helms, along with Senator Thurmond, who succeeded in ensuring on the Senate floor that the legislative history and application of this historic amendment went beyond the much-discussed problem of Jewish emigration from the Soviet Union in the early 1970's to include all men and women seeking to emigrate from Communist regimes. Senator Helms, in his time-honored and respected style, disclaimed credit for himself at the time, and instead stated on the Senate floor that his efforts "rose above the ideological concerns and differing philosophies to unite all men of good will who abhor discrimination and oppression." For over 25 years in the Congress, Senator Helms has been a stalwart supporter of the universal human right to freedom, which includes the right to freely emigrate.

I might add, as our President himself did during his visit to China last week, that these rights were first recognized by our Founding Fathers in our Declaration of Independence over 220 years ago, and they were again recognized as fundamental human rights in the United Nations Declaration and Charter over 50 years ago. Again, I want to pay tribute to Senator Helms for his support for these basic principles which have defined the values we hold dearly as Americans.

As I noted, Senator Roth was also a strong supporter of Senator Jackson's amendment stating his belief on the Senate floor in 1974 that "...our economic leverage can and should be used for this humanitarian purpose." In fact, it was Senator Roth, at the time, who advocated an even stronger role for the United States Congress in extending and denying trade privileges for Communist nations based on their freedom of emigration performance. So I know Senator Roth understands the seriousness with which this Committee needs to evaluate Vietnam's record on freedom of emigration, in view of the recent waiver, just as this same Committee was closely monitoring the Soviet Union's performance in 1974 on the Jewish emigration matter. I thank him for his support over the years for the principle which underlies my own resolution now before you this morning.

Mr. Chairman, besides yourself, there is one other member on your subcommittee who has long been personally involved and concerned with our policy toward Vietnam, and that is Senator Bob Kerrey. Like you, he served with us on the Senate Select Committee on POW/MIA Affairs, and like me, he is a Vietnam veteran, but he sacrificed much more than I ever had to do, and earned the Congressional Medal of Honor. We've not always agreed on our country's Vietnam policy, and we're from opposite sides of the aisle, but I mention Senator Bob Kerrey's name this morning

for one reason. The last time this body had to consider our trade relationship with Vietnam was four and a half years ago in January, 1994.

We were debating whether to lift the U.S. trade embargo on Vietnam. Senator Bob Kerrey, and my fellow panelists this morning, Senators Kerry and McCain, supported lifting the embargo and they prevailed with that vote. Senator Dole, this full Committee's Chairman-Senator Roth, this Subcommittee's Chairman-Senator Grassley, along with myself and others voted against lifting that trade embargo. We also supported a separate measure which would have required the President to first certify that Vietnam had unilaterally provided relevant data on POW/MIA cases. Our position on that measure failed by nine votes, and on a side note, it's interesting to me that some of the concerns we expressed then in 1994 still apply today in terms of what Vietnam has yet to do to come clean, so to speak, on the POW/MIA issue.

But even though Senator Bob Kerrey and I disagreed on that vote in January, 1994, I was personally truly moved during that debate by his comments on the floor of the Senate, which in my judgement, should set a bipartisan tone for this hearing today. I would like to take a moment and quote back a paragraph of what Senator Bob Kerrey had stated because it was quite powerful. He said:

"My hope is, along with our concern for the men that we left behind, prisoners and missing in action in Vietnam, along with our concern for our own, I hope that we will now begin to talk about the freedom of the Vietnamese people as well. One of the concerns that I have had with this action (to lift the embargo), which, as I said, I believe is appropriate now, is that it is being done as a consequence mostly of economic pressure; in other words, I have people who are concerned about losing oil leases in the North China Sea. I have people who have concerns about losing contracts for supply planes in Vietnam. I have people who have concerns about losing business in Vietnam.

"I believe it would be a terrible mistake and a real tragedy and a denial of any purpose whatsoever of the war in Vietnam if when we come back into Vietnam all we care about and all we talk about is making money. At our best, and Lord knows we were not always at our best, at our best in this war, we fought for the freedom of the Vietnamese people. For gosh sakes, we ought to be able to come back into Vietnam, heads held high, proud, and say that we still care about the freedom of the Vietnamese people"

"...it is legitimate for us to say to the (Vietnamese) government leaders: if you want prosperity in your country, if economic prosperity is your concern, then do not simply come to the United States and other Western developed nations and say you want investments. Follow your own people...it is their political freedom that is essential if you want to develop your country. We have to be saying that now with confidence, with pride, with real belief. We should say to the Vietnamese people who will hear us that we care about their freedom, that we believe this war had purpose at its best..."

Senator Grassley, I am concerned that the President's recent waiver of freedom of emigration requirements for Vietnam in order for U.S. taxpayer guarantees and credits to go towards projects in Vietnam does *not* "assure the continued dedication of the United States to fundamental human rights" which is the opening sentence in the 1974 Jackson-Vanik law.

It is interesting to note that when the Senate Finance Committee reported the Trade Act of 1974 to the full Senate, on a 17-0 vote, including Senator Roth's vote as well, it did not even contain waiver authority. It stipulated, pure and simple, that Communist countries that denied their citizens the right or opportunity to emigrate, or imposed more than nominal charges on emigration, would be denied credit or investment guarantees from the United States.

The waiver was subsequently added in Senator Jackson's modified amendment on the floor, at the urging of Secretary of State Kissinger, who cited the detente situation with the Soviet Union, and the fact that we were "in the nuclear age" with that nation as Dr. Kissinger put it when he testified before this same Committee in 1974, and requested waiver authority for the President for that reason.

The challenge for this subcommittee, and the Congress as a whole over the next month, will be to sort out the facts from the fiction, and the results from the rhetoric. Is Vietnam still restricting the rights of large numbers of its citizens to freely emigrate, or isn't it? And what has Vietnam done *since* the President's initial waiver this past March - a four month period -- to convince you that the waiver has indeed "*substantially promoted*" the objectives of freedom of emigration in the Jackson-Vanik law, as required in the language of that law if the waiver option is to be used?

Frankly, Mr. Chairman, I am concerned that there wasn't much consultation with your subcommittee and other relevant committees on this matter by the State Department, even though the President's National Security Advisor pledged to consult with Congress last December, and only to move forward if those consultations went well.

You can't just accept the emigration numbers at face value that my colleagues who oppose me will throw out here which they received from the State Department -- the same State Department that reports in its most recent Human Rights paper on Vietnam that the Communist government there still "frequently constrains its citizens' access to exit permits."

My point is that you have to look a little deeper at these figures and at the information from the Refugee Assistance groups who know these people trying to emigrate and trying to obtain

permission from Vietnamese authorities. They know their families in the United States waiting for their loved ones to join them. Some of them have died still in Communist prison camps these last few years, even though they were eligible to emigrate on our State Department lists.

These are not just statistics or cases, these are real human beings, many of whom fought for us during the Vietnam War, and are being persecuted as a result of this prior affiliation with our country. I urge my colleagues on this subcommittee to listen to the testimony you will hear from Dr. Thang, who represents Boat People, S.O.S. and other concerned groups. He works these cases day in and day out trying to help eligible people still in Vietnam who are being harassed and forced to pay bribes.

Mr. Chairman, I believe that both the facts and the results with respect to emigration in Vietnam make a strong case for holding off on approving this first annual waiver of Jackson-Vanik for Vietnam. Why not instead make clear to Vietnam that it needs to pass and strengthen its laws to guarantee the right of freedom of emigration to its people? When did the State Department last make such a request to Vietnamese authorities? I hope you will ask Assistant Secretary Roth.

Even President Bush held off submitting the U.S.-Soviet trade agreement to Congress in 1990 until their parliament had passed and implemented a law guaranteeing freedom of emigration. Why can't we ask this President to take a similar approach? If Vietnam passed and implemented a freedom of emigration law, then the President would not need to issue the waiver; he could instead simply certify that Vietnam allows its people to freely emigrate. If he did that, then he is still allowed to extend U.S. trade credits for projects in Vietnam. But most importantly, he would be much more in line with Congressional intent under the Trade Act of 1974.

I want to also say a few words about the business climate in Vietnam since I noted that when my colleagues, Senators Kerry and McCain, provided testimony on the House side to the companion measure for my bill, they said "Vietnam is a potentially significant market for American services and goods...," and that we should be "supporting the U.S. companies that bring trade and investment to Vietnam."

As my colleagues may recall, when we debated whether to lift the trade embargo on Vietnam in 1994, we were told Vietnam was the next Asian tiger in the international business world. Four and a half years later, the recent headlines are revealing. Last week's Wall Street Journal headline was *"Vietnam Pullout: This Time, Investors Pack Up Gear, Stymied by Bureaucracy, Lack of Reforms."* And most of these are U.S. companies, Mr. Chairman. It's also been reported that tourism is down, hotel construction

projects have been canceled, and during the first five months of 1998, 154 permits for foreign investment in Saigon were withdrawn, totaling 959 million dollars.

And I would note that this downward trend started before the recent regional economic crisis in Southeast Asia, and I doubt anyone from the business community would dispute me on this. I saw that our Ambassador to Vietnam, Pete Peterson, also testified on the House side recently that "U.S. businesses are not optimistic about the near-term prospects for increased activity in Vietnam."

Even the International Monetary Fund (IMF) reportedly canceled the last installments of its $530 million loan to Vietnam last year and canceled future lending because Vietnam has failed to take concrete steps to reform its system. Why is all this happening, Mr. Chairman? It's because Vietnam is a corrupt, bureaucratic communist-run nation whose potential will never be realized, as Senator Bob Kerrey noted in 1994, until the government there provides basic political freedoms to its people. Even Vietnam's new Communist Party chief, General Phieu, more of a hardliner than his predecessor by all credible reports, recently reaffirmed that the communist political regime was suitable for the Vietnamese people and would never be replaced with capitalism.

In view of this reality, this is hardly the time for the American tax payer, through the Ex-Im Bank and OPIC, to be asked to subsidize business deals with bureaucrats in Hanoi that would not otherwise happen. Vietnam has not even taken demonstrable steps to implement the copyright agreement signed by Secretary Albright in Hanoi over a year ago.

I believe American businesses should invest in struggling democracies in Asia. We don't need to encourage them to invest in communist dictatorships where basic human rights are still being denied.

But if the Congress lets this June 3rd Jackson-Vanik waiver stand, that is exactly what's going to happen. In fact, it's been happening since March of this year, when the President made the initial waiver for Vietnam. I would suggest we put those programs for Vietnam on hold for a while before American tax payers get stuck with the tab when more American business deals in Vietnam end up falling through.

Finally, Mr. Chairman, I want to say a few words about Hanoi's efforts to fully disclose relevant information about our unaccounted for POWs and MIAs from the war. Many of you may not recall this, but in the Trade Act of 1974, the very next section following freedom of emigration as a condition for trade credits, is a section with a similar condition on trade credits for

countries based on their cooperation on the POW/MIA issue.

As you know, I co-chaired the Senate Select Committee on POW/MIA Affairs and wrote the legislation that established that Committee. I worked closely with you, Mr. Chairman, and my colleagues, Senators Bob Kerrey, John Kerry, John McCain, and Jesse Helms, among others. I know all of us are sensitive to this issue, and we've wrestled with the facts and tried to separate out the emotions. Last December, when Jackson-Vanik first surfaced as an issue for Vietnam, Senator McCain stated to the Washington Post that, "as usual, we'll have a fight. Vietnam will always be an emotional issue. Any issue involved with it will always turn out to be very emotional," he said. I'm still trying to separate out the emotions, and stick to the facts, Mr. Chairman, because I think everyone agrees that facts should drive our drive our policy toward Vietnam, not emotions.

To those who say that for 20 years, we didn't engage Vietnam on the POW/MIA issue and that they gave us nothing even when we held firm, the facts show this is simply not true. While I have criticized both Republican and Democrat Administrations for their handling of this issue, I at least recognize that President Reagan engaged Vietnam on the POW/MIA issue, and used both carrots and sticks, not just carrots, and his carrots consisted of humanitarian aid, not economic aid. He appointed a Special Emissary to Hanoi, General Vessey, and during both Reagan Administrations, we saw Vietnam return nearly 200 sets of remains which were identified, many of which were found to have been stored in a wharehouse since the war. So to say Vietnam gave us nothing during that period is simply not true.

With regard to the 2,087 Americans still unaccounted for from the war, I noted that Senator Kerry stated two and a half weeks ago on June 18, 1998, that as of that day, "fate has been determined for all but 43 last known alive discrepancy cases...in other words, all but 43 POW/MIA families now know what happened to their loved ones, and that is progress by any measure," he said. I found that interesting, Mr. Chairman, because on August 4, 1992, nearly six years ago, Senator Kerry, as Chairman of our Select Committee, stated that "the number 43 is simply the universe of people about whom there remain valid questions, whether because they were once listed as having been taken prisoner or because they were otherwise known or thought to have survived their incident." So, in six years, we've gone from 43 to 43. I don't see how that represents "progress by any measure."

Senator Kerry and I have differed over the universe of numbers for many years now, and I don't think we're going to resolve it here, but I would urge you, Mr. Chairman, to simply look at the data from the Department of Defense on the breakdown of POW/MIA and so-called KIA/BNR cases by service and country, and then determine for yourself how much progress has really been

made. I'd be happy to provide that data for the record.

Getting aside from the confusion we get about POW/MIA statistics, I think it's more relevant, Mr. Chairman, to look at the concerns you yourself raised on the Senate floor during the trade embargo debate in January, 1994 -- again, that was the last time the Senate was put on record on trade issues with Vietnam -- 4 ½ year ago. At that time, you said:

"Why would we lift the embargo now before we get Vietnam's central-committee level documents which contain in essence Vietnam's wartime national secrets on U.S. prisoner activity and information thereto? This information would tell us what happened to our prisoners and to our missing...Furthermore, if we move ahead with lifting the embargo, without full disclosure by Vietnam, we will be rewarding Vietnam, while ignoring their human rights abuses...Our Secretary of State has been talking to the Chinese about improving their record if they want this body to keep most-favored nation status going. Why that concern about China? Why not the concern about human rights in Vietnam? I do not know."

I do not know, either, Mr. Chairman. But I'll tell you what I do know. First, as I mentioned earlier, waiving Jackson-Vanik does not signal Vietnam that we're seriously concerned about their restrictions on basic freedoms for their people, like freedom of speech, freedom of assembly, freedom to emigrate, and freedom to worship. For goodness sake, I am told the Vietnamese Government even expelled nuns from Mother Teresa's order a few months ago, the only country ever to have done so.

Second, concerning the POW/MIA concerns you expressed in 1994, Mr. Chairman, Vietnam has still not opened their Central-Committee level documents on POWs to the United States, and they have not been fully forthcoming. Most of the progress that has been made has been due to the investigative work done by our Joint Task Force in Vietnam as opposed to unilateral disclosures by the central Government in Hanoi.

Senator Kerry claims we have a "full-time archive process in Hanoi" and passing my bill is somehow going to "threaten shutting down" our people working in those archives, even though Ambassador Peterson testified Vietnam would continue to cooperate even if Congress did rescind the waiver. However, I am told we no longer have any full-time presence in the archives in Hanoi, and we certainly don't have full-time access to central level Community Party records on the POW/MIA issue.

Moreover, much of the Joint Task Force investigative work has focused on recovering the remains of our troops who we know died during the war, as opposed to making substantial progress on cases of unaccounted for American personnel listed as prisoner or missing in action when the war ended in 1973.

Since the waiver of Jackson-Vanik, by law, deals solely with emigration, I was prepared not to dwell on the POW/MIA aspects until I received a letter from the President this past February telling me that his waiver of Jackson-Vanik waiver was somehow also going to build on the momentum of POW/MIA accounting. One week after I received that letter, he certified to Congress that Vietnam was "fully cooperating in full faith" on the POW/MIA issue, leading me to really wonder what incentive Hanoi now had to pick up its momentum on POW/MIA accounting. If everything is fine, why is there a need to build on momentum in POW/MIA accounting?

This is no small issue, Mr. Chairman, and I would encourage your Members to obtain a copy of the classified National Intelligence Estimate on the Vietnam POW/MIA issue which has recently been completed. While I do have some very serious concerns about that Estimate, there are, nonetheless, some interesting points that are worth your reading.

In conclusion, I want to emphasize that the debate on passing S.J. Res. 47 is not about turning back the clock or choosing isolationism over engagement with Vietnam. Frankly, those arguments simply do not have merit because we have engagement with Vietnam, and that fact won't change if we pass S.J. Res. 47.

Nothing in my resolution requires us to recall our Ambassador, scale back our diplomatic relations, or reimpose the trade embargo. We've already taken those steps forward in the normalization process. My bill doesn't change that one iota. My resolution is about looking toward the future, and using both carrots and sticks in our negotiating policy with Vietnam, not just carrots alone.

While I'm not one to often quote our President, I was struck by something he said last week in China about societies going forward into the 21st century. He said, "the forces of history have brought us to a new age of human possibility, but our dreams can only be recognized by nations whose citizens are both responsible and free...if you are so afraid of personal freedom that you limit people's freedom too much, then you pay, I believe, an even greater price in a world where the whole economy is based on ideas and information and exchange and debate, and children everywhere dreaming dreams and feeling they can live their dreams out."

Mr. Chairman, Senate Joint Resolution 47 puts moral principles over dwindling profits in Vietnam, not the other way around, and it will send the strongest possible message to Hanoi that we do care about people being able to live out their dreams.

This resolution is supported by several key Members from the House on both sides of the aisle, and it has widespread support from all major Vietnamese-American organizations, Refugee Assistance organizations, POW/MIA family groups, and many former POWs and national veterans organizations, including our nation's largest, The American Legion. With your permission, I would like to enter their statements into the record, and I would note that many of the leaders of these organizations are in the audience today.

I urge your Committee to study this matter as thoroughly as possible, because the facts and Congressional intent under the 1974 Trade Act are on our side. In that regard, let me close by reading a conclusion issued by the Senate Finance Committee on November 26, 1974 in its Report on the Trade Act:

"The Committee recognizes that segments of the private sector wish the U.S. Government to provide credits and investment guarantees, and other conditions before private capital investments are ventured. The Committee believes that it is equally reasonable to establish conditions on all basic human rights, including the right to emigrate, before extending broad concessions to communist countries."

Mr. Chairman, Congress has a constitutional role to play with respect to this waiver. Congress gave this authority to the President nearly twenty give years ago, and it reserved its right to rescind that authority for any particular country when Congress determines the use of the waiver is inappropriate. Now is not the time to allow this waiver authority to be applied to Vietnam; it's not the time to extend these additional trade benefits for Vietnam's consumption. I hope you can report the Smith-Helms bill favorably, and I thank you again for holding this hearing.

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United States Senate

WASHINGTON, DC 20510-2903

July 22, 1998

The Honorable Charles E. Grassley
Chairman
Subcommittee on International Trade
Committee on Finance
Washington, D.C. 20510

Dear Chuck:

During my testimony at your July 7, 1998 hearing on the Jackson-Vanik Waiver for Vietnam, I referenced several statements for the record which you agreed to have formally entered into the Committee's hearing record for S.J. Res. 47. I have enclosed copies of these statements for the record, although I expect your Committee may already have copies of some, if not all, of these statements. Nonetheless, I am formally sending them to you now, and I thank you for keeping the hearing record open for 30 days.

Thank you again for your assistance. Should your staff have any questions, they may contact Dino Carluccio at 4-3828.

With warm regards,

BOB SMITH, U.S.S.

/enclosures:
Statement of the Honorable Dana Rohrabacher (R-CA)
Statement of the Honorable Christopher Smith (R-NJ)
Statement of The American Legion
Statement of Vietnam Veterans of America
Statement of the National Vietnam & Gulf War Veterans Coalition
Statement of Eugene McDaniel, Former POW, and President of the American Defense Institute
Statement of Michael D. Benge, Former POW, and RVN Advisor
Statement of Theodore W. Guy, Former POW
Statement of Bill Bell, Fomer Chief, U.S. POW/MIA Office
Statement of the National League of POW/MIA Families
Statement of the National Alliance of POW/MIA Families
Statement of the Coalition Against Jackson-Vanik Waiver
Statement of the Vietnamese Political Action Committee
Statement of the Free Vietnam Alliance
Statement of the Vietnamese-American Voters' Coalition
Statement of the Montagnard Human Rights Committee
Statement of the Committee on Migration and Refugee Affairs of InterAction, American Council for Voluntary International Action

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Congress of the United States
House of Representatives

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Chairman, Subcommittee on Space and Aeronautics
Subcommittee on Energy and Environment

INTERNATIONAL RELATIONS
Subcommittee on Asia and the Pacific
Subcommittee on International Economic Policy and Trade

STATEMENT OF CONGRESSMAN DANA ROHRABACHER

Disapproving the extension of the President's waiver authority of the Jackson Vanik Amendment of the Trade Act of 1974 regarding Vietnam

Senate Finance Subcommittee on International Trade

July 7, 1998

Mr. Chairman,

I am the sponsor of 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 402C 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 -- the regime has recently 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. Please remember that an additional provision that the President waived prohibits Ex-Im Bank and OPIC privileges in communist countries.

The *Wall Street Journal* and the *Far Eastern Economic Review* have recently reported 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. I was shocked to learn that the IMF has suspended 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.

I received a preliminary briefing by the GAO team that is working on a study of the Vietnamese economy that I have requested. They have found 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. Rosy accounts of foreign investment are, for the most part, overstated because only a small percentage of contracts have been 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 Dr. 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 because the Vietnamese

government continues to abuse human rights on a routine scale. Internationally recognized human rights advocates, such as Dr. Nguyen Dan Que and Professor Doan Viet Hoat remain imprisoned along with hundreds of other democracy activists and religious believers. Emigration figures have been manipulated by both the Hanoi regime and its supporters within our own government. In reality there is currently scant progress since the March waiver in the processing of Vietnamese who want to emigrate to America, especially former U.S. allies such as reeducation camp survivors and montagnard veterans and their families.

If precious American tax dollars are to be used as collateral to promote business in Asia, 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 human rights and democracy are achieved.

CHRISTOPHER H. SMITH

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CO-CHAIRMAN

Statement of Representative Chris Smith
Chairman, Subcommittee on International Operations and Human Rights
June 18, 1998

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.

STATEMENT OF
JOHN F. SOMMER, JR., EXECUTIVE DIRECTOR
THE AMERICAN LEGION
TO THE
SUBCOMMITTEE ON INTERNATION TRADE
COMMITTEE ON FINANCE
UNITED STATES SENATE
ON
SENATE JOINT RESOLUTION 47
AND
U.S. - VIETNAM TRADE RELATIONS

JULY 7, 1998

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 S. J. Res. 47, 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.

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 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 people of Vietnam suffered much greater loss of life than we in America, but Vietnam's unaccounted for citizens are known dead, body not recovered. 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, and as is normally the case with all nations, Hanoi's response will be based upon perceived 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, America's veterans, the people of the United States and our elected representatives in Congress -- can ensure that the Clinton Administration implements the President's stated commitments with the integrity that America's missing veterans demonstrated by their honorable service in the cause of freedom.

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Statement of

VIETNAM VETERANS OF AMERICA

Submitted by

George C. Duggins
National President

To the

International Trade Subcommittee of the Senate Finance Committee

Regarding

U.S. Trade Relations with the Socialist Republic of Vietnam

July 7, 1998

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-

10-97 [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 prior 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 National Intelligence Estimate (NIE). The NIE, 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 NIE 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 NIE 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 NIE 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:

1. Concrete results from efforts on Vietnam's part to recover and repatriate American remains;

2. Continued resolution of remaining discrepancy cases, live sightings and field activities;

3. Further assistance in implementing trilateral investigation with Laos; and

4. 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 recently have had a delegation return from Vietnam and were 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 Senate Finance Committee to pass S.J. Res. 47 without delay, and present the legislation to the full Senate for consideration. We strongly recommend that Congress demand declassification of the NIE 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.

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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 (JTFFA) 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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GEORGE C. DUGGINS
National President

George C. Duggins, the national president of Vietnam Veterans of America, is 54 years old and lives in Chesapeake, Virginia. Mr. Duggins served with the U.S. Army Security Agency (ASA) from July 1965 to April 1969, attaining the rank of Specialist Five. Mr. Duggins served two tours in Vietnam: with the ASA in Phu Bai from May 1966 to December 1967, and in Pleiku from April 1968 to April 1969. After his second tour, Mr. Duggins was honorably discharged.

A graduate of Tidewater Community College with a degree in computer technology, Mr. Duggins has been a long-time veterans advocate and has received numerous awards for his service to veterans. He is a life member of Vietnam Veterans of America, holding membership in VVA's Tidewater, Virginia, Chapter 48. Mr. Duggins has been on VVA's national Board of Directors, has served as national chair of VVA's membership, credentials, convention, scholarship, and minority affairs committees. Duggins was elected VVA National President in 1997, following his 1995 election to the position of national Vice President and ascendance to fulfill a vacancy in the position of National President. In 1996, he was a member of an official U.S. delegation sent to Vietnam, Laos, and Cambodia by President Clinton to investigate the POW/MIA issue.

Mr. Duggins is the past chair of the City of Chesapeake's Mayors Committee on Veterans Affairs and is the chairman of the Board of Trustees at Metropolitan A.M.E. Zion Church. He also serves on the Citizens Advisory Board for Huntsman's Chemicals and the Aeolin Club.

Mr. Duggins is employed at OPTIONS Health Care, Inc., in Norfolk, Virginia, as a computer system engineer. OPTIONS Health Care is a national managed behavioral health care company and is the official coordinator of behavioral health care for the U.S. military in the Hampton Roads, Virginia, area and at Fort Bragg, North Carolina. In partnership with Humana, OPTIONS delivers health care to more than one million military beneficiaries throughout the southeastern United States.

Mr. Duggins is married to the former Blanche L. Neal. They have two daughters, Stacey Davida, recently graduated from Virginia Tech University, and Shana Tennell, a student at William and Mary College.

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VIETNAM VETERANS OF AMERICA, INC.
Funding Statement
July 7, 1998

The national organization Vietnam Veterans of America, Inc. (VVA) is a non-profit veterans membership organization registered as a 501(c)(19) with the Internal Revenue Service. VVA is also appropriately registered with the Secretary of the Senate and the Clerk of the House of Representatives in compliance with the Lobbying Disclosure Act of 1995.

VVA is not currently in receipt of any federal grant or contract, other than the routine allocation of office space and associated resources in VA Regional Offices for outreach and direct services through its Veterans Benefits Program (Service Representatives). This is also true of the previous two fiscal years.

For Further Information, Contact:
Director of Government Relations
Vietnam Veterans of America, Inc.
(202) 628-2700, extension 147

NATIONAL VIETNAM & GULF WAR VETERANS COALITION

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TO THE UNITED STATES SENATE FINANCE COMMITTEE
SUBCOMMITTEE ON INTERNATIONAL TRADE

re S.J. 47

The National Vietnam & Gulf War Veterans Coalition is a federation of 95 Vietnam and Gulf War veterans organizations and issue groups, with an estimated combined 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. Therefore, we support S.J. 47, which would overturn the President's waiver of the provisions of the Jackson-Vanik Act, as applied to the Socialist Republic of Vietnam.

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 thar 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. Chrysler, which lost a $200 million dollar deal, is the most conspicuous example of an American company that have ceased to do business in Vietnam. Nor have these failures been confined to American companies. On June 30, The Wall Street Journal reported that 176 representative offices of foreign companies in Ho Chi Minh City closed their doors in the first two months of this year alone.

To date, these business failures have not affected the taxpayer. However, after a Jackson-Vanik waiver, the American people will 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, position 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 witnesses

already testifying before the Committee will address Hanoi's history of non-compliance in meticulous detail, 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?

In summary, 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.

July 7, 1998

EUGENE B. MCDANIEL
PRESIDENT

July 2, 1998

Subcommittee on International Trade
Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

Sirs:

As a former Vietnam prisoner of war presently serving as president of a national defense organization committed to the nation's veterans and POW/MIA families, I urge your committee to support S.J. Res 47. This legislation, which would make expansion of U.S. trade relations with Vietnam contingent upon that communist nation's granting freedom of emigration to the Vietnamese people, is essential to full cooperation by Vietnam to account for Americans still missing in Southeast Asia. In addition, passage of S.J. Res 47 is the very least our nation can do for the brave Vietnamese who fought alongside us during the Vietnam War and who have not yet been allowed to emigrate to freedom.

The March 10th waiver of the Jackson-Vanik Amendment of the Trade Reform Act of 1974 and the June 3rd extension of the waiver sends the wrong message to the Vietnamese government regarding its cooperation on POW/MIA accounting. These actions say to POW/MIA families, U.S. veterans and active duty military personnel, as well as Vietnamese citizens who seek freedom, that our nation places trade above people and profit above principle. Passage of legislation to nullify those unfortunate decisions is needed to renew our national commitments to our missing servicemen and those who care about them, to the human rights of individuals still trapped behind the Bamboo Curtain, and to the young Americans who stand ready to fight America's future wars.

Sincerely,

Eugene B. McDaniel
Captain, USN(Ret)

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Submitted for the Record by
Michael D. Benge
Former POW and
Advisor to the South Vietnamese
Ministry for Ethnic Minorities

To: The Senate Finance Subcommittee on International Trade
Hearings on S.J. Res. 47, Tuesday, July 7, 1998
Chaired by the Honorable Charles E. Grassley

Senator Grassley and other members of the Committee:

I wish to thank you for the opportunity to submit the following as written testimony for the record.

The first issue concerns, "Are the Vietnamese communists 'fully cooperating' on accounting for the POW/MIAs as professed by Ambassador Pete Peterson, and Senators John McCain and John Kerry?" My response for the following reasons is an emphatic, **"No!"**

-- I have attached to my written testimony a translation of an article written by a Vietnamese communist party member criticizing the party's "normalization" of relations with the United States. From this I quote a very relevant and revealing statement: **"Hanoi has given the Americans fake cake on the MIA issue by not returning even one MIA. Conversely, the Americans still patiently promise everything and give everything--fake cake, including most favored nation fake cake!"**

-- According to debriefing reports, while a POW, Ambassador Peterson was the last person to see two American POWs in the hands of the North Vietnamese prison officials in Hanoi. If my information is correct, the remains of only one of them have been returned. If this is true, "How can they say that the Vietnamese are 'fully cooperating'?" as professed by Ambassador Peterson, and Senators McCain and Kerry?"

-- Although only a small number of the last-known-alive priority cases are said to not yet have been resolved, I have been told that many of the names were crossed off the list solely on the basis the Vietnamese communists telling the American investigators that they knew nothing about them. This matter should be investigated by an investigator independent of the Defense and State Departments.

-- The crash sites are being 'salted' by the Vietnamese communists. Recently a flight suit in good condition belonging to Navy Lt. Borah, supposedly buried and exposed to the tropical elements for over 25 years, turned up at a crash site and is cited as

evidence that he had died upon impact.

-- The Vietnamese communists have yet to turn over the files, sometimes referred to as the grey, blue or white files, which were kept on each individual POW. These files would be maintained by the central records division of Hanoi's Department of Enemy Proselytizing. If Lt. Borah's flight suit can remain in pristine condition after over 25 years' exposure to the tropical elements in Vietnam, surely records maintained by the communist central government would be in even better condition.

The second issue is regarding the Vietnamese communists' lack of cooperation on the immigration issue. Although I will go only into detail concerning the status of the ethnic minorities, I fully support the position of SOS Boat People that the Vietnamese are also discriminating against ethnic Vietnamese as well and not fully allowing qualified persons to be interviewed and processed.

The communist regime of Vietnam is in direct violation of the Jackson-Vanik Amendment by its discriminatory policies in not allowing free emigration of its peoples, especially so regarding its ethnic minorities. The Montagnards (French term for people from the mountains), are ethnic minorities in Vietnam, made up mainly of peoples of Malayo-Polynesian, Mon-Khmer, and Sino-Tibetian extraction. **The Montagnards were our staunchest allies during the Vietnam War**, and are now among the "poorest of the poor" in Vietnam. They suffered immensely during the war, with an estimated 250,000 killed and over 85% of their villages destroyed or forcibly-abandoned, Thousands were slaughtered after the Americans left in 1975. Just before the fall of Saigon in 1975, promises were made by U.S. Embassy officials that the United States would continue to support the Montagnard's resistance against the Vietnamese communists. A large number of them continued that resistance and consequently, thousands more were killed, large numbers were sent to reeducation camps, while others were sent to civil jails and prisons. In the latter case civil jail time is not considered by U.S. immigration officials as reeducation; therefore, these Montagnards are not considered to be qualified for the U.S. immigration programs.

There are less than 1,500 Montagnards in the United States, and of this number, only a very small number came out of Vietnam through the various immigration programs. The vast majority of these people came out of Thailand and Cambodia under special consideration as "resistance fighters (i.e., FULRO)," who continued to fight against the Vietnamese communists under the illusion of promises made by U.S. officials just before the fall of South Viet Nam. A great share of these people now reside in North. Carolina.

By in large, the Montagnards have been denied access to or have been unable to access the various immigration programs set up by the U.S. Government, such as ODP, because:

-- past association with the U.S. Government
-- anti-communist and pro-democracy political affiliation (FULRO)

- religious beliefs
- inability to pay large bribes demanded by Vietnamese communists associated with the various immigration programs
- not being informed of the opportunity
- fear that the program was being used by the communist Vietnamese Government to identify past loyalties, which would result in imprisonment

At the present time, there are well over 1,000 Montagnards still in Vietnam who are duly qualified for the U.S. programs under present guidelines but are not being processed by the Vietnamese communist government. There are a large number of others who would have qualified, but may not now after being denied access to the programs for years: now, the U.S. Government is closing the programs under which they qualified. Even if the U.S. provided transportation for the Montagnards from the provincial capitals to Saigon for interviews, many would be "no shows" because village and district officials would not allow them to participate in the program, oftentimes by threatening retaliation on their families.

The communist government of Vietnam has steadfastly refused to allow the reunification of several families of the former FULRO members, even after almost two decades. A few have succeeded, but only after paying large bribes to the communist officials. The families of those who cannot or refuse to pay these huge bribes are denied access to the U.S. programs and are not allowed to rejoin their families in the United States. Even if these bribes are paid, they are still not allowed to leave. Often after paying bribes, they are sent back at this point to start the process all over again. Much of the process is only a scam. One outstanding example is when a former FULRO member tried to get his wife and child out of Vietnam and paid over $10,000 in "ransom money" to Vietnamese officials, they were still not allowed to leave.

The Montagnards are among the poorest of the poor in Vietnam. In Vietnam, the relatives of the Montagnards previously affiliated with FULRO, or thought to have been sympathizers, are denied access to higher education, medical facilities and other GVN services. Higher education is necessary to get most jobs, and the few Montagnard who are fortunate to get jobs, are relegated to only menial ones. Bribes are required at the village level, at the district level, and again at the provincial level, and it does not end there. They must somehow make their way to Saigon from the central highlands where they live, and are required to pay bribes at each police check point. They are also required to stay at a government hostel in Saigon that charges exorbitant prices, and then they may have to pay an additional bribe to gain access to the ODP process at the American Consulate.

Reportedly, Montagnard families who come to the U.S. are required to add a Vietnamese to the family before being allowed to immigrate, and a family member is held hostage in Vietnam as insurance. Once in the U.S., the Vietnamese "adoptee" disappears within the Vietnamese community.

The Vietnamese communist government is practicing cultural genocide against the Montagnards by breaking up the extended families and putting all of the elders in "retirement villages," where they have little or no means of support, access to medicine, etc.. Traditionally the Montagnards farmed, but their farmlands have been taken away from them and they are allowed only a tiny bit of land as a "kitchen garden," in which to grow food to survive. If they want to continue to farm, they are forced deep into the jungle; however, due to the collusion between high-ranking Vietnamese and Cambodian communist authorities, the jungles and mountains are rapidly being denuded, and soon there will be no place for them to farm. Furthermore, those who have "gone to the mountains" are often accused of being FULRO supporters, are raided and their food confiscated, or they are killed outright. At best, whatever food they have is taken by the Vietnamese.
Many of the Montagnards in Vietnam are Christian and some are ordained ministers. However, the Montagnards are not allowed to have or construct churches, and if they are caught having services, they are heavily fined.

The problems that the Montagnards face are not only those caused by the Vietnamese communist government, but there are also a number of obstacles caused by officials in the U.S. government. It has been reported to me that certain individuals in the immigration program consider the Montagnards, especially those previously affiliated with FULRO, as terrorists, and on that basis put their papers at the bottom of the pile. Also, there are a large number of Montagnards who served for over five years in many American programs, such as the Mike Force, the Kit Carson Scouts, the PRUs, and the Troung Son Cadre program, but this service is not recognized as qualifying them for Orderly Departure, These people risked their lives in rescuing pilots, and gathering intelligence that saved the lives of hundreds of Americans, but because of some bureaucratic oversight, their service does not qualify. Several Montagnards, and one Vietnamese, who worked for me in the CORDS Program for five years, have been denied access to ODP. They have asked me for help, Unfortunately, one of the requirements to get them out is to send them money to pay the bribes, which of course I refuse to pay to the Vietnamese communists. Another Montagnard who worked for me, for a short time, and is now trained as a doctor, has been on the INS waiting list for family reunification for over 12 years. She has two sisters in the U.S. one a citizen and the other holds a green card,, who have guaranteed her complete maintenance at no cost to the government.

On this basis, I do feel that **the Vietnamese communist government deserves no waiver of the Jackson-Vanik Amendment**, and benchmarks on progress toward increased immmigration and accounting for POW/MIAs should be set as goals for the Vietnamese to reach before such a waiver d takes place.

Respectfully submitted,

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I spent 11 years in Viet Nam--1963-75, five years as a Prisoner of War--1968-73. While serving as a civilian Foreign Service Officer, I was captured in South Viet Nam by the North Vietnamese, and held in numerous camps in South Viet Nam, Cambodia, Laos and North Viet Nam--27 months in solitary confinement and one year in a "black box." For efforts in rescuing several Americans before capture, I received the State Department's highest award for heroism and a second one for valor.

7/2/98 1:24 PM

TO: Senator Bob Smith

SUBJECT: S.J. Res.47

I am a former Prisoner of War who was captured in Laos on 22 March 1968. I have the rather unusual distinction of being the first American military man, kept alive and transferred to Hanoi. Ernie Brace was the first civilian captured and arrived in Hanoi in the fall of 1968. I was interned in a camp, nicknamed "Plantation" by the inmates, of which I was the commander from June 1968 until early December 1969 with the rank of Lt. Colonel.

I would like to stress that all of us capture in Laos, and there were 10 in number, were captured by regular North Vietnam regular forces. For the most part, we Laos captives were kept separate from other captives. At one time I believed that the only reason the ten of us were kept alive was because we were captured by NVA (North Vietnamese regular Army). In recent years, after study of many documents relating to the war, I changed my mind and now feel that I and the other 9 were transferred to Hanoi because the Communists realized they had better have some Laos captives to release if and when the war ever ended. An interesting side note to this was that the North Vietnamese interrogators repeatedly told me that I could not have been captured in Laos because North Vietnam had no troops in Laos.

From my first interrogation in the infamous Hanoi Hilton, the Vietnamese interrogators repeatedly tried to convince me that I was captured in South Vietnam. I continually denied this and insisted that I was captured in Laos.

During my forced march from southern Laos to Hanoi, my journey took me up the Ho Chi Minh trail. I traveled the entire length of the trail until we reached North Vietnam. I was heavily guarded at all times by NVA troops and stopped in numerous villages and caves where North Vietnamese Army personnel were in large numbers. Not once did I observe troops that I could categorize as belonging to the Pathet Lao.

There is no doubt in my mind, that North Vietnam not only controlled Laos, but ruled it with an iron hand. It was readily apparent, when we would enter a Laotian village, that my guards were in complete control of all the village inhabitants.

Toward the end of 1969, I gradually pretended to agree with my captors that I was captured in South Vietnam and finally agreed that they were right. (A study of my crash site coordinates will reveal that this was impossible, unless I was blown by hurricane force winds from 12,000 feet a distance of many, many miles.) This resulted in my transfer to a prison containing only Laos, South Vietnam and Cambodian captives-an ungodly place-where conditions were similar to those of North Vietnam captives in the 65-66-67 time period, except worse--in short atrocious.

During my journey North I observed many communications lines running along the trail. At each stopping point I was expected. When I arrived in Vinh, North Vietnam, I was ex-

pected. When I arrived in Hanoi, I was expected. It is my opinion that because of the extensive communications in Laos, that North Vietnam knew exactly what was occurring in Laos on a hourly to daily basis.

Because North Vietnam controlled Laos during the war I am certain that they know far more than has been released to date about the 600 plus soles lost in Laos.

All POWs that I have talked to state that the North Vietnamese kept detailed records on each prisoner, including subjects covered in each interrogation. We refer to these as "The Blue Book" and sometimes "The White Book". To my knowledge the Vietnamese deny any existence of such records.

I feel strongly that Vietnam has extensive knowledge of each and every person captured during the war. Vietnam knows that to release such information about the "care and feeding" of we "criminals" would prove disastrous to their political ambitions. If the USA had access to these records I would say the vast majority of those still listed as MIA and those Killed in Action, Body Not Recovered would be solved overnight. Therefore I am totally against granting Vietnam any kind of recognition that would enhance their objectives while Mothers, Fathers, Wives, Sons, Daughters and concerned citizens wonder why their Johnny does not come marching home or at least be interned in a place of Honor such as Arlington National Cemetery. They will remain heart broken until Hanoi releases all records of captive soldiers during the Second Indochina War.

Any further attempts by the United States to provide expanded trade programs to the Communist government of Vietnam, only drives another nail into the coffin of the thousands of unaccounted for American, Canadians and Australian MIA's

Theodore W. Guy
Col. USAF (ret)
Former POW

FOR THE RECORD

Statement of Bill Bell
Former Chief, U.S. Office for POW/MIA Affairs, Vietnam
Before the Subcommittee on Trade, Committee on Ways and Means
June 18, 1998

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, their 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 Digest, 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 for the Record of
Ann Mills Griffiths
Executive Director
National League of POW/MIA Families
for the
Subcommittee on International Trade
Committee on Finance
July 7, 1998

I welcome this opportunity to present the POW/MIA families' views for inclusion in the record of this important hearing. The timing is vital, and Congressional attention is urgently needed.

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. Such actions include repatriation of remains that cannot be recovered in the field due to prior recovery by the Vietnamese government, and accounting for last known alive discrepancy (LKA) cases, linked directly to confirmed data that Vietnam continues to withhold from the United States Government.

As of today, 2,087 Americans are still listed as 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-recovered.

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 446 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 likelihood of remains recovery.

The League's 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 familiar with Hanoi's manipulation of the issue for decades, we 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 seriously implement his commitments. 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.

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

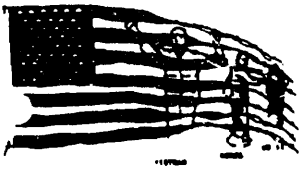
Vietnam's leadership has enjoyed tremendous continuity through seven U.S. administrations, and they have not been reluctant to exploit those changes, alternating between surges of cooperation and stonewalling.

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 43" from 196, with little if 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 aircraft crashes.

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 either ignorance of the issue or because acknowledging that Vietnam is withholding remains and information, rather than being fully cooperative, is counter to the Clinton Administration's real objective -- full normalization regardless of the cost to accounting for missing Americans.

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 construction 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 uninformed 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.



NATIONAL ALLIANCE OF FAMILIES
FOR THE RETURN OF AMERICA'S MISSING SERVICEMEN
WORLD WAR II • KOREAN WAR • COLD WAR • VIETNAM WAR

POWs - MIAs

JUNE 6, 1998

THE HONORABLE ROBERT C. SMITH
303 Dirksen Building
Washington, D.C. 20510
FAX: 202/ 224-1353

Dear Senator Smith:

On behalf of the membership of the National Alliance of Families, I wish to express our total support for S.J. Res 47 "Disapproving the extension of the waiver authority contained in section 402(c) of the Trade Act of 1974 with respect to Vietnam".

Our organization supports the cause of human rights for our Vietnamese allies wishing to escape communist oppression. As you so clearly stated in your June 4th statement, the original intent of the Jackson-Vanik 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 has not met these conditions.

As you well know, while we support the human rights cause for freedom loving Vietnamese, our primary concern is our American Prisoners of War and those Missing in Action. Hanoi continues to stonewall U.S. efforts to gain accurate information relating to our Prisoners and Missing.

As you are no doubt aware, Army Captain John T. McDonnell was sighted on four occasions in the Quang Ngai Prison Camp at Bak To. The latest sighting was said to late February, 1973. Yet, John McDonnell was not among the prisoners released during "Operation Homecoming". Inquires regarding Captain McDonnell's fate have produced a series witnesses "providing corroborating hearsay information" regarding his burial the day after his March, 1969 capture.

When the Jackson-Vanick Amendment was signed into law in 1974, Congresses main concern was our Prisoners of War/ Missing in Action and protecting the human rights of the Communist oppressed Vietnamese. Today, we are willing to trade our POW/MIA's and the Human Rights of the Vietnamese in order to increase the profit margin of the industrial world. It is truly a sad commentary on the state of this nation's priorities.

Senator Smith, in closing I would like to express our memberships' deep appreciation for all your efforts on behalf of our loved ones, Prisoner and Missing from World War II, Korean War, the Cold War and the Vietnam War.

Sincerely,

D. Alfonso

Dolores Apodaca Alfonso
National Chairperson

P.O. BOX 40127, BELLEVUE, WASHINGTON 98015-4127
TEL: 425/ 881-1499 FAX: 425/ 881-1499

COALITION AGAINST JACKSON-VANIK WAIVER

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P.O. Box 454 Placentia, CA 92871
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July 1, 1998

The Honorable Robert Smith
United States Senator
U.S. Senate
Washington, D.C. 20510

Via Facsimile & U.S. mail

Dear Senator Smith:

We thank you for introducing S.J.R. 47 to deny President Clinton's 12-month extension of the Jackson-Vanik Amendment for Communist Vietnam. Vietnamese-Americans and residents in this country also extend their gratitude to you for speaking out against Hanoi's atrocious record of human rights abuse.

We very much appreciate your leadership in bringing freedom and democracy to the Vietnamese people. Your devotion in championing the just cause of liberty in all corners of the world, and specifically in Communist Vietnam, personifies your concern for people who still live under the iron grips of totalitarianism. As a veteran member of Congress, you have been a loyal friend to the Vietnamese-American community in your state and elsewhere around the country.

As Congress considers S.J.R. 47 and Congressman Dana Rohrabacher's parallel legislation, H.J.R. 120, the Coalition assures you that it will mobilize a nation-wide campaign to push for the resolutions' passage in the House and Senate in the next several weeks. As evidenced by Hanoi's exasperated response to the entire Jackson-Vanik debate in recent months, we believe that S.J.R. 47 is perhaps the most potent legislative weapon to force both the Clinton Administration and Vietnam into serious discussions on human and religious rights for the Vietnamese people.

The Coalition pledges its full support for S.J.R. 47. As an umbrella organization devoted to coordinating this issue with over 30 Vietnamese-American communities throughout the U.S., the Coalition will work closely with you and your staff to ensure that this legislation will receive the needed votes to pass the Senate. Please do not hesitate to contact us, via the Coalition's phone number listed above, if we can be of further assistance.

Again, thank you for your support and leadership on Vietnam. The Coalition looks forward to working closely with you and your staff on this important issue.

Sincerely yours,

Phong D.T. Tran
Co-Chairman

PDTT/vt

COALITION AGAINST JACKSON-VANIK WAIVER

9141 Bolsa Avenue, Suite 304, Westminster CA 92683 -- (202) 473-9700 • (714) 379-6174

July 04, 1998

To: The Honorable Members of the United States Senate

Re: S.J. Res. 47 and Vietnam's non-compliance with the Jackson-Vanik Amendment

On March 9, 1998, President Clinton granted Vietnam a waiver to the Jackson-Vanik Amendment in the hope that such a waiver would promote free emigration. Again on June 3, the President issued a 12-month extension of the waiver for Vietnam, reiterating his belief that Vietnam would comply with the requirements of the Jackson-Vanik Amendment.

In fact, Vietnam has become less, not more, cooperative since the President's issuance of the waiver and the subsequent extension. Immediately after receiving the waiver, Vietnam breached its promise by severely restricting the right of its citizens to emigrate freely. According to a State Department report issued in May of this year, Vietnam's clearance of applicants for interview under the U.S.-inspired ROVR programs (Resettlement Opportunity for Vietnamese Returnees) after the waiver had dramatically decreased. Vietnam has cleared only a few hundred applicants over the past three months compared to 14,000 over the three months leading to the waiver. Vietnam has also denied exit permits to applicants under the Humanitarian Operations (HO) Program and the general Orderly Departure Program (ODP).

Moreover, the rampant corruption and bureaucratic obstacles in the Vietnamese bureaucracy have caused severe financial losses from many major U.S. corporations including Chrysler, Procter & Gamble, and Coca-Cola, among others. Despite a myriad of investment laws promulgated by the political leadership, the Vietnamese government has little respect for the rule of law. Foreign investors are not ensured with any criteria of fairness in their financial transactions inside the country, nor do they have adequate legal remedies as a means of dispute resolution. In short, Vietnam suffers from the same fundamental ailments as all dictatorial regimes--no viable economic system that can sustain the long-term growth and true transparency of a healthy free-market economy.

Vietnam is acting in bad-faith and its communist government does not deserve the Jackson-Vanik waiver extension. In light of Vietnam's non-compliance, the Administration should take a more cautious, "wait-and-see approach" by withholding the waiver-extension for this communist country. The Administration should not dole out economic favors at taxpayers' expense to Vietnam without receiving any concrete assurances that its government is complying with the spirit and letter of our laws.

We urge you to send a clear message to Vietnam that it does not deserve financial privileges from our government if it continues to obstruct and prevent the right of Vietnamese citizen to travel and associate freely. We ask that you co-sponsor S.J. Res. 47, which would prohibit the extension of the Jackson-Vanik Amendment waiver for Vietnam for 12 months. Given Vietnam's failed track record of keeping its own promise, we should take a more realistic approach in dealing with Vietnam before unilaterally granting this communist country financial privileges. Your vote for S.J. Res. 47 will compel Vietnam to live up to its own promises of allowing its citizens free access to travel and the right to associate with others.

Thank you for your anticipated support and we trust that you will cast your vote for S.J. Res. 47

Sincerely yours,

Venerable Thich Minh Tuyen, President
Vietnamese Inter-faith Council in the USA

Huynh Quoc Binh, President
Vietnamese Community of Oregon

Tran Van Luan, President
Vietnamese Community of Seattle, Washington

Do Trong Duc, President
Vietnamese Community of Southern California

Hinh Van Nam, President
Vietnamese Community of Clark County, WA

Dr. Tran Luong Ngoc Ho, President
Vietnamese American Community of Illinois

Le Anh Tuan, President
Vietnamese Community of Boston, MA

Dominic Thac Pham, President
Vietnamese Community of Georgia

Nguyen Van Loc, Vice President
Vietnamese-American League of San Diego

Tran Van Dang, Chairman
Vietnamese Community of New York

Nguyen Cao My, President
Vietnamese Community of Houston & Vicinity

Tu Van Be, Chairman
Vietnamese Community of Oklahoma

Nguyen Thua Long, President
Vietnamese Community of Louisiana

Tran Anh Tuan, President
Vietnamese Association of Charlotte, NC

Lai Duc Hung, Secretary General
Alliance of Vietnamese Associations in Northern California

Pham Van Yen, President
Vietnamese Community of Minnesota

Tran Giao, President
Vietnamese Community of NW New Jersey

Nguyen Ngoc Thu, President
Vietnamese Community of NW Pennsylvania

Nguyen Loi, President
Vietnamese Community of Syracuse, New York

Nguyen Van An, President
Vietnamese Community of Endicott, New York

Nguyen Vinh, President
Vietnamese Community of Utica, New York

Nguyen Van Tuong, President
Vietnamese Community of Dallas, Texas

Dr. Pham Van Chat, President
Vietnamese Community of Fort Worth, Texas

Nguyen Huu Hien, President
Vietnamese Community of San Joaquin Valley

Dr. Nguyen Quyen Tai, President
Vietnamese Community of Jacksonville, Florida

Dr. Bui Quang Dung, President
Vietnamese Community of Orlando, Florida

Nguyen Minh Tho, President
Vietnamese Community of South Florida

Tran Kham, President
Vietnamese Community of Florida

Pham Dinh Thong, President
Vietnamese Community of Los Angeles

Nguyen Cao Quyen, Chairman
Vietnamese Community of Washington, D.C., Virginia, and Maryland

Vietnamese Political Action Committee

Statement by the Vietnamese Political Action Committee (VPAC) Endorsing SJR 47 and HJR 120

The Vietnamese Political Action Committee (VPAC) strongly endorses SJR 47 and HJR 120. We affirm that the promotion of human rights must be an integral part of U.S. policy toward Vietnam.

Vietnam currently does not permit freedom of emigration. Extending the waiver of the Jackson-Vanik Amendment for Vietnam at this time would only hamper progress toward free emigration. Since March 9, 1998, when Vietnam was first granted a waiver to the Jackson-Vanik Amendment, the Vietnamese government's level of cooperation on emigration issues has decreased.

In the three months after receiving the waiver, Vietnam's clearance of applicants for interview under the Resettlement Opportunity for Vietnamese Returnees (ROVR) fell to 150 individuals compared to 14,000 over the three months leading to the waiver. Worse yet, Vietnam has denied interview clearance to over 1,200 applicants. And ROVR is only one emigration yardstick. Vietnam has denied virtually all exit permission for applicants under the HO program, which applies to former political prisoners, and the general Orderly Departure Program (ODP), which applies to Vietnamese relatives of American citizens.

In sum, waiving Jackson-Vanik has not promoted freedom of emigration in Vietnam as the Administration had hoped. Moreover, continuing the Jackson-Vanik waiver makes it harder for many Vietnamese—including repatriated boat people, political prisoners, and former employees of the U.S.—to escape their land of persecution.

On the other hand, waiving Jackson-Vanik simply clears the way for American tax-payer money to finance OPIC guarantees and EXIM loans in Vietnam. On purely economic grounds, this a short sighted policy with dubious benefits at best.

The disturbing failures of American firms in Vietnam—Chrysler, Procter & Gamble, Craft Corp., and others—did not arise from lack of project insurance or export credits, but from more basic factors. These are the flaws inherent to the Vietnamese economy: corruption, red tape, lack of rule of law.

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Washington D.C. Chapter: 6166 Leesburg Pike, #B208, Falls Church, VA 22044. Phone: (703) 532-9446
FEC # C00320374

This grim business climate was recently summarized in the Wall Street Journal. "Vietnam Pullout: This Time, Investors Pack Up Gear, Stymied by Bureaucracy, Lack of Reforms" (June 30, 1998). According to Fred Burke of the U.S. law firm Baker & McKenzie in Ho Chi Minh City: "People are tired of waiting for economic reforms that come too little, too late."

The United States has an interest in promoting genuine economic reforms in Vietnam. And, quite clearly, economic reforms can only take place with political reforms.

In the four years since the trade embargo on communist Vietnam was lifted, the human rights record of the Hanoi government has deteriorated. Last year, the government enacted a draconian decree on "administrative detainment," which gives the security forces power to jail dissidents for up to two years without trial. Not surprisingly, the economic consequences of restricting civil liberties, stifling political debate, and depriving citizens of their full potential is an economic environment lacking transparency, accountability, and consumers who can afford U.S. goods.

Going forward, the relevant debate in U.S. policy toward Vietnam is not between the two extremes of either full "normalization" or "isolation" of Vietnam. Normalization is already a fact; and isolation cannot be achieved even if desired. What the last four years show, however, is that normalization without real and measurable human rights conditions attached will result in little improvement in the rights record of the Hanoi government. As long as the government of Vietnam flaunts its own Constitution—which enshrines basic liberties—American businesspeople can have little faith in the Hanoi government respecting its laws on foreign investment, banking, and trade.

Continuing the Jackson-Vanik waiver for Vietnam would be a short-sighted policy with minimal economic benefit. The communist government there, as it has repeatedly shown, will not reform without pressure. The main pressure is coming from the Vietnamese people, but what the United States chooses to do is also important.

Vietnam's continued economic health and development is in the best interests of the U.S. and Vietnam. Yet sustainable growth can only be realized if accompanied by fundamental sociopolitical changes, including respect for basic human rights. After a decade of economic-only reforms, Vietnam faces serious economic and social crises due to the lack of meaningful sociopolitical changes. The consequences are an economic slowdown, economic mismanagement, and increasing social unrest.

The Socialist Republic of Vietnam should only be granted trade and economic benefits when it meets conditions of free emigration and other human rights. Passing SJR 47 and HJR 120 would uphold the principle of freedom of emigration andw signal to the Vietnamese government that it must improve the treatment of its citizens before receiving continued economic rewards. U.S. interests are best served when human rights are respected in Vietnam.

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FEC # C00320374

Date: July 4, 1998.

Statement of the Free Vietnam Alliance to endorse SJR 47 and HJR 120.

We, the members of the Free Vietnam Alliance would like to express our unequivocal support for Senate Joint Resolution 47 and HJR 120. Our reasons for supporting these resolutions are many, but foremost is the fact that many of us know first hand the living nightmare of communism. Brevity prohibits any adequately detailed coverage of the outrages the Hanoi regime has committed, and continues to commit against the people of Vietnam. Suffice to say that the State Department's own report on the matter paints a sufficiently bleak picture.

The reason the waiver clauses in the Jackson-Vanik amendment were added was to allow for exceptions in cases where there is a compelling national security interest, or where significant progress is being made in the human rights arena. Any possible benefit to American national security gained from granting the waiver to Hanoi at present is very small, very indirect, and very debatable. This hardly qualifies as a compelling national security interest. As far as human rights are concerned, while there have been small measures of progress in a few areas, the situation in Vietnam has worsened at least as often as it has improved. This is a far cry from significant progress. Clearly, Vietnam today does not qualify for a waiver under any but the most convoluted of logic.

There are other arguments which are made in favor of granting the waiver, and other trade privileges to Hanoi. Most notable among these is that trade and business contacts will help foster human rights and democracy. The fact that most, though admittedly not all, of the strongest proponents of this line of thinking have substantial business or political interests in trade with Hanoi cannot help but call into question the sincerity of their concern for human rights in Vietnam. Furthermore, the historical evidence used to back up this argument is tenuous at best. We feel that in the majority of cases, the argument that trade is good for human rights is made more to justify a fundamentally unpalatable trade policy than to seriously advance those rights.

What is best for business is social and political stability. If recent events in Asia teach us anything, it is that the much-vaunted stability of dictatorships is illusionary. While Japan and South Korea have suffered mightily under the crisis, there is no danger of the sort of chaos and violence we saw in Indonesia.

All indications are that the full force of the crisis has yet to hit Vietnam, but will do so soon. The rebellions of last year clearly show that Hanoi's grip on power is already shaky. American investors have already lost millions to communist bureaucracy and official corruption in Vietnam. We should seriously consider the wisdom of encouraging trade and investment in a nation with such an unstable and corrupt government.

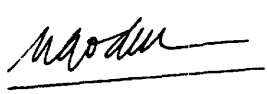
Another matter of extreme interest to the American people is the issue of MIAs. It is often said that we need to open up to Hanoi in order to solve the question of Americans missing in action. It should be clear by now that Hanoi is playing political chess with the MIAs, using cooperation as a lever to extract concessions from the United States. Furthermore, there are persistent reports that some MIAs remained imprisoned after the war. Is this true? We cannot say. But if it is, it is political dynamite which would have disastrous consequences for relations between Washington and Hanoi if it ever became known. Should this be the case, the incentive for Hanoi to hide the fact would be overwhelming.

A free Vietnam under a democratic government will provide a far healthier atmosphere for business than the current Hanoi regime ever could. An open society with rule of law, strong democratic institutions, and free of the specter of violent social upheaval is far more conducive to trade than any dictatorship. A free Vietnam will not use the families and friends of missing servicemen as pawns in a political game. Nor will a free Vietnam have a vested interest in covering up any evidence of Americans held after the war.

Only with a free Vietnam can bilateral trade truly thrive. Only with a free Vietnam will the American people receive the fullest possible accounting of US servicemen missing in action.

We have to judge the government in Vietnam by its actions, not its words or symbolic gestures. Granting this waiver to such an obviously undeserving government will only serve to tarnish the moral authority of the United States. When a nation proclaims its commitment to democracy, yet gives waivers to unrepentant dictators, one cannot help but question the strength of that commitment. This nation was founded on the noblest of ideals; waivers such as the one in the Jackson-Vanik amendment should only be granted under the most compelling of circumstances. Anything less is done at the peril of dishonoring those ideals.

Sincerely,



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Vietnamese-American Voters' Coalition

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Statement on Senate Joint Resolution 47 on
the Waiver of the Jackson-Vanik
amendment for Vietnam

Vietnamese-American Voters Coalition

Filong Levan, vice president

to the Subcommittee on International Trade,
Senate Committee on Finance
July 7, 1998

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 and our support for Senate Joint Resolution 47.

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 rights 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 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. 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 "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, Pham Thai, was sentenced to eleven years imprisonment; Dong Tuy, a teacher, was sentenced to eleven years; Bui Kim Dinh, was sententenced 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 support Senate Joint Resolution 47 and to oppose the waiver of the Jackson-Vanik amendment for Vietnam 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.

THE STATEMENT FROM RONG NAY

THE MONTAGNARD HUMAN RIGHTS COMMITTEE FOR JULY 7, 1998 THE HEARING ON TRADE WITH VIETNAM

Honorable Senator Bob Smith
Chairman Committee on Trade with Vietnam

My name is Rong Nay and I am a member of the Human Right Committee of the Montagnard people, represent the Montagnard people living both in the U.S. and in the Central Highlands of Vietnam.

I would like to thank Senator Bob Smith and the member of the Committee for the opportunity to submit my testimony to share our feeling about the plight of the Montagnards that relate to the jackson-vanik amendment, free emigration, and trade with Vietnam.

Mr. Chairman, we, the Montagnards are the indigenous people who originated from Malayo-Polynesian background, have been living for over 2000 years in the Central Highlands of Vietnam. We have over 40 tribal groups with rich cultures and traditions of peace living under the benevolent eye of God.

During the last 150 years, our land was turned into a target for imperialistic invasion. The Montagnard people could not demand or defend their freedom as the rightful owners of the land. There was a silent crying from the Montagnard people but that silent crying is now being heard.

The Indochina war between the French and Viet Minh from 1945-1954 and the war between the North and South Vietnam from 1956-1961, thousands of thousands of the Montagnards suffered and died for the French and Vietnamese benefit.

During the United States backing of South Vietnam in the Vietnam War from 1962 to 1972, American Special Forces recruited and trained thousands of Montagnard troops who fought alongside American with loyalty, bravery and friendship. Montagnards bonded to American soldiers as their only true allies during the war. After the end of the war, more than a million Montagnard people were killed and eighty five percent of Montagnard villages were destroyed or abandoned, and the Montagnard sacrifices were ignored. Our people received in return only misery, suffering and contempt. Truly, the Montagnards became tools used and caught in the middle of the war.

After the Hanoi government took over South Vietnam in 1975, the Montagnard existence became worse than ever in our history. Since that time all private property of Montagnard has been confiscated. Montagnard languages are forbidden in school. Our Montagnard basic freedom, political, and religious

activities are outlawed, and we no longer can own land. Our traditions and customs have been systematically abolished. Our legal right and tribal courts of justice cease to exist under Vietnam Communist rules.

The first plan of the Hanoi government was to destroy the Montagnard religion. They accused the Montagnard protestant Churches of being spies for the CIA. All Montagnard Church in the Central Highlands have been closed since 1975 and are now used as offices for local governments. All the Montagnard leaders and preachers have been arrested and sent to "Re-education" camps from 10 to 15 years, where they are exposed to torture and excessive work. Even after their release from "Re-education" camps, the Hanoi government still controls and watches them in their daily lives.

The Hanoi government brought more than 2 millions Vietnamese from the North to settle throughout the Central Highlands and took over the fertile farming lands of the Montagnards. Many Montagnards have been forced to leave their villages for the Rocky Mountains where they cannot grow crops and make a living.

The Hanoi government refuses Montagnards to emigrate. Many Montagnards are eligible and qualified as legal immigrants and refugees, but the Hanoi government has denied exit visas for spouses and children who want to reunite with their families in the United States The Vietnamese officials also have forced Montagnards to falsify documents and bride the local officials to obtain their exit visas.

We are so sad that in Vietnam we are forced to substitute Vietnamese people into our families units just so that half of our families can receive an exit visa to leave Vietnam. The Hanoi government forced our people to pay huge amount of money to obtain an exit visa or we must substitute a relative of police officials so that their child can have an opportunity to study in the United States. This is against the law and policy in the United States. Please believe us because this is the truth. Our Montagnard people have been cheated and discriminated for many years in Vietnam, but now we are being told to bribe, cheat, and split up our families so that some of us will have a chance for freedom in America.

The Montagnards have been blocked from the international humanitarian aid groups since the collapse of South Vietnam in 1975. In 1980, foreign NGOs were permitted in Vietnam for relief and development efforts but virtually no American or other foreign humanitarian aid was permitted in the Central Highlands for the Montagnards.

We feel so sad that the Hanoi government carries out a policy of punishment and discrimination to against the Montagnards people because we

are the indigenous people, search for freedom, and loyalty to the American Forces during the Vietnam War.

Mr. Chairman, we are the survivor groups of the Montagnard people living in the U.S., who strive to uphold the human dignity of the Montagnards living in the Central Highlands whose voices remain silent behind closed borders. Today, we are honor to have our voice heard, to speak and to stand for the Montagnards whose rights have been stripped away, and to present their situation to the people of the free world. We fought for freedom and independence to against the Hanoi violations, assimilation, and extermination of the Montagnard people.

We pray that the Hanoi government will hear our true voice:

1) Why we have no rights to live as human being.
2) Why we cannot get our families out of Vietnam.
3) Why we cannot worship our Christian faith freely.
4) Why we cannot receive humanitarian aid.
5) Why we cannot have the same opportunities in education and development as Vietnamese people.

Today, **WE ASK ONLY TO TREAT AS HUMAN BEING**. We love our families and our children just the way the Vietnamese people do.

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

The United States government is the only hope to get the Montagnard families out of Vietnam. We need your help **"PLEASE DO NOT TURN YOUR BACK ON US."** Please help the Montagnards to get their families and help our Montagnard people who remain in the Central Highlands to have the right to live and opportunity to develop their lives.

The jackson-vanik waiver should not be renewed until all Montagnard cases are clear, the human rights, and values are respected. We believe that free Trade should only be with the free government and people.

Thank you so much for the privilege of presenting my testimony.

InterAction
American Council for Voluntary International Action

March 25, 1998

Mr. Samuel Berger
National Security Advisor
First Floor West Wing
The White House
Washington, DC 20500

Dear Mr. Berger:

We refer to our letter of January 22, 1998, urging that the Administration proceed less precipitously on the issue of a Jackson-Vanik waiver for Vietnam. While acknowledging some hopeful developments, we pointed out that there remained many uncertainties about a full implementation by the Vietnamese of their commitments on the Resettlement Opportunities for Vietnamese Returnees (ROVR) program. We urged that the leverage inherent in Jackson-Vanik not be given up until these uncertainties are resolved.

We note that the President has now proceeded to grant a Jackson-Vanik waiver to Vietnam. We regret that is the case but assume that such a decision was taken on a judgement that ROVR could be completed successfully. We very much hope that will prove to be correct and will do all we can to assist in making ROVR a successful program.

Nevertheless, there remain important uncertainties that could impede ROVR. A major question will be which individuals named on lists provided by the United States government (USG) to the Socialist Republic of Vietnam (SRV) as eligible for ROVR, will not be made available by the SRV for ROVR processing. The decision to grant a Jackson-Vanik waiver at this time appeared to us particularly hasty. The USG was aware that the SRV intended to submit a list of some 3,000 persons, requested for INS interview by the United States, who would not be made available. Nevertheless, the Administration proceeded to grant the waiver without waiting to receive and analyze the complete list.

We urge that the Administration work closely with the NGOs as we work through this issue. Many of the persons on the SRV list may prove to be persons who simply left their home address to live elsewhere and who cannot be located by the Vietnamese authorities. Many such persons may turn out to be in contact with our agencies or with friends and relatives in the overseas

Vietnamese communities. We assume that, when such persons are located, the USG will press the SRV to make them available for ROVR processing. Similarly, we hope to work with the Department of State on other issues which may arise in the implementation of ROVR.

As noted we thought the grant of the waiver was premature. However, we were repeatedly assured by members of the Administration that, if the SRV failed to adequately meet its commitments on Jackson-Vanik, the waiver could be withdrawn at the end of six months. The Administration's judgement will be tested by events over the next few months. We shall watch these closely and hope for success but, should the Administration's optimistic prognosis for ROVR prove unfounded, we shall expect and press hard for such a withdrawal of Jackson-Vanik related benefits from Vietnam.

Sincerely,

Elizabeth G. Ferris

Elizabeth G. Ferris, Chair
Committee on Migration and Refugee Affairs

on behalf of the following agencies:

Diana Aviv, Associate Executive Vice President for Public Policy
COUNCIL OF JEWISH FEDERATIONS

C. Richard Parkins, Director
EPISCOPAL MIGRATION MINISTRIES

Tsehaye Teferra, Executive Director
ETHIOPIAN COMMUNITY DEVELOPMENT COUNCIL

Leonard Glickman, Executive Vice President
HEBREW IMMIGRANT AID SOCIETY

Roger P. Winter, Executive Director
IMMIGRATION & REFUGEE SERVICES OF AMERICA
U.S. COMMITTEE FOR REFUGEES

Reynold Levy, President
INTERNATIONAL RESCUE COMMITTEE

Ralston H. Deffenbaugh, Jr., Executive Director
LUTHERAN IMMIGRATION AND REFUGEE SERVICES

Lionel A. Rosenblatt, President
REFUGEES INTERNATIONAL

Diana P. Bui, Deputy Director
SOUTHEAST ASIA RESOURCE ACTION CENTER

Mark Franken, Executive Director
U.S. CATHOLIC CONFERENCE/MIGRATION & REFUGEE SERVICES

Don Hammond, Vice President
WORLD RELIEF CORPORATION

cc: Stanley Roth, DOS/EAP
Julia Taft, DOS/PRM
Eric Schwartz, NSC

InterAction.

American Council for Voluntary International Action

January 22, 1998

Mr. Samuel Berger
National Security Adviser
The White House

Dear Mr. Berger:

We are writing as members of InterAction's Committee on Refugee and Migration Affairs (CMRA) to urge that the Administration proceed less precipitously on the issue of a Jackson-Vanik waiver for Vietnam. In its origin and provisions, Jackson-Vanik is centered on freedom of emigration. The discussion of the emigration issue as applied to Vietnam has revolved around the Resettlement Opportunities for Vietnamese Returnees (ROVR) program for the adjudication in Vietnam of refugees returned from the camps of Southeast Asia and their resettlement to the United States.

We do not believe that Vietnam has yet met the emigration requirements with respect to ROVR. We are aware, of course, that the Socialist Republic of Vietnam (SRV) has proposed new processing procedures which have the potential to successfully complete ROVR if implemented as envisioned. However, in January, 1997, the SRV also proposed implementation procedures which, if followed, would already have led to the completion of the program.

We are also aware that the SRV has been recently more forthcoming in providing names of approved applicants for the program. However, this is far from sufficient to satisfy the most critical issues of ROVR. Indeed, the most vital issue has yet to be addressed, i.e., how many ROVR applicants will the SRV not make available for INS adjudication, who are they and why are they not to be included in the program? The SRV has committed itself to answering these questions but has not yet even begun to do so. It is this group which may be of the greatest concern to the United States.

The attached position paper lays out our concerns in somewhat greater detail. We believe that, if the SRV is serious, it should only take a few more months to answer these questions. Until they are answered and the

SRV has demonstrated a serious commitment to the underlying emigration principle of Jackson-Vanik, we believe there should be no waiver.

Thank you for your consideration

Sincerely,

Elizabeth G. Ferris, Chair
Committee on Migration and Refugee Affairs

on behalf of the following agencies:

Diana Aviv, Associate Executive Vice President for Public Policy
COUNCIL OF JEWISH FEDERATIONS

Tesfaye Teferra, Executive Director
ETHIOPIAN COMMUNITY DEVELOPMENT COUNCIL

Martin A. Wenick, Executive Vice President
HEBREW IMMIGRANT AID SOCIETY

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Reynold Levy, President
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Ralston H. Deffenbaugh, Jr., Executive Director
LUTHERAN IMMIGRATION AND REFUGEE SERVICES

Lionel A. Rosenblatt, President
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Diana P. Bui, Deputy Director
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Mark Franken, Interim Director
U.S. CATHOLIC CONFERENCE/MIGRATION & REFUGEE SERVICES

Don Hammond, Vice President
WORLD RELIEF CORPORATION

STATEMENT OF DR. NGUYEN DINH THANG, BPSOS EXECUTIVE DIRECTOR
Hearing on Jackson-Vanik Waiver for Vietnam, July 7, 1998

Mr. Chairman and members of the Subcommittee,

The basis for waiving the Jackson-Vanik Amendment must be that the waiver will substantially promote free and open emigration, which 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 fee on emigration or on the visas or other documents required for emigration.

Statistics covering the four months since the waiver show the opposite effects: Vietnam's cooperation has decreased, not increased. After the waiver, the number of individuals cleared by Vietnam for interview under the Resettlement Opportunity for Vietnamese Returnees (ROVR) program has plunged to less than 10% of what it was during the 3 month period before the waiver. As for the HO program, which resettles former political prisoners and former U.S. employees, only 3% of all cases where exit permission had not yet been granted prior to the waiver have been cleared for interview after the waiver. With such statistics, no one can say with a clear conscience that the March waiver has substantially promoted free and open emigration.

Rampant corruption has plagued Vietnam's emigration process. Emigrants have to pay from several hundred to several thousand dollars in exchange for exit permission. Considering that Vietnam's average annual per capita income is only $250, the money paid to corrupt government officials clearly exceeds what may be considered as nominal fee. The State Department has kept a deafening silence on this blatant violation of the Jackson-Vanik Amendment.

These restrictions on emigration are much worse than they might appear. Under a regional agreement supported by the U.S. State Department, Vietnam has become one of the rare countries where victims of persecution have no way out. Escapees to neighboring countries would be forcibly repatriated. A Kafkaesque situation has been created: victims must get the consent of their persecutors in order to escape from mistreatment.

Those who advocate for the extension of the waiver argue that it promotes open market and free trade in Vietnam, that it means exportation of capitalism. We are for an open market, we are for free trade, and we are for capitalism, but we disagree with that simplistic, misguided and unfounded argument. Capitalism, and with it free trade and an open market, can only exist where there are the rule of law, a system of check and balance, and a vibrant civil society; where the government observes fiscal accountability and financial transparency; where the workers are allowed to benefit from their hard work and defend their own interests; and where fair competition is not hindered by rampant corruption, cronyism or state monopoly.

None of these conditions exist in Vietnam. Advocates of the Jackson-Vanik waiver have not been able to produce any coherent, logical and rational explanation of how the waiver will bring about these conditions. They extoll the establishment of Overseas Private Investment Corporation (OPIC) programs in Vietnam, without giving any regard to Vietnam's gross violation of the most basic internationally accepted labor standard - the right of workers to form independent labor unions - even though the OPIC law requires certification on labor progress before OPIC programs can operate in Vietnam. These advocates ignore the fact that most of Vietnam's 55 joint-stock banks are insolvent and its four state-owned banks are awash in bad

debts. According to Mr. James Rockwell of Vatico, Inc., the first American corporation licensed to operate in Vietnam, fewer than 10% of foreign-invested companies are making a profit; he closed shop and left Vietnam last week. Those supporting the waiver gloss over Vietnam's failure to implement the copyright agreement with the U.S., signed on June 27 of last year.

I was in Vietnam five months after the signing of this agreement, invited to join a Congressional staff delegation. One day I visited a government-run bookstore. Pirated books, compact disks, videotapes, softwares, so on and so forth, were everywhere. They were produced and sold by the government. As a souvenir I bought a book titled "Word for Windows 95" printed by Vietnam News Agency, the government's official news agency, and published on October 1997, four months after the agreement had been signed. This book is copyrighted by the Gardner Beatty Group and has Library of Congress Catalog Card Number 94-68668. Is that a government that we can trust and want to do business with?

As a person who has worked on hundreds of cases that continue to be denied exit permission, I opposed the Jackson-Vanik waiver because, in my opinion, the waiver will send the wrong message to Vietnam and make it less, not more, cooperative. This, unfortunately, is exactly what has happened over the past four months.

As a taxpayer, I oppose the Jackson-Vanik waiver, and its extension, because it fails to guarantee the necessary conditions for an open market, free trade and eventual capitalism. I do not think it is right to use American tax dollars to bankroll, through OPIC or any other programs, business ventures in an unbelievably corrupt system where the risk of failure exceeds 90%. I believe it is absolutely wrong to spend American tax dollars to bolster a state-dominated market, to finance a system of state-controlled trade, and to support proto-capitalistic exploitation of workers.

During the said fact finding mission to Vietnam last year our delegation met with several intellectuals, dissidents, liberal members of the communist party, and common people in the street. I was surprised by their unanimous opinion that the U.S. should attach human rights conditions to each and every step in its trade expansion with Vietnam. Otherwise, according to this sample of Vietnamese citizens, the U.S. would only provide the government with more means and resources to further suppress pro-democratic forces; to silence voices that call for the rule of law, a system of check and balance, transparency and accountability in government; and to hinder the formation of a civil society--all of which are pre-requisites for an open market and a system of free trade, for economic prosperity and political stability in Vietnam.

I urge the members of this subcommittee to demand accountability, not only on the part of the Socialist Republic of Vietnam but also on the part of our State Department. Our State Department should ensure that Vietnam make good on its previous promises before it can expect additional concessions from the U.S. For starters, Vietnam should give <u>all</u> high priority cases of interest to the U.S. unhindered access to U.S. interviews; Vietnam should take concrete actions to combat corruption in the emigration process; Vietnam should allow its workers to form independent unions in order to qualify for OPIC programs; and Vietnam should demonstrate real progress towards full compliance with the copyright agreement that it signed with the U.S. a year ago. Only then should Vietnam be granted the waiver to the Jackson-Vanik Amendment.

Statement of Frances A. Zwenig
Vice President
U.S.-Vietnam Trade Council

Before the

International Trade Subcommittee
Finance Committee
United States Senate

July 7, 1998

Mr. Chairman. Thank you for the opportunity to testify on behalf of the U.S.-Vietnam Trade Council in support of the renewal of the Jackson-Vanik waiver for Vietnam. As addenda to my testimony I would like to submit statements from Trade Council members Boeing, Caterpillar, CIGNA, Citibank, Craft Corporation and General Electric as well as letters to members of Congress and the President in support of the waiver. I would ask that my entire statement be included in the record as if read.

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. 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.

At the outset it is important to stress that the renewal of the Jackson-Vanik waiver for Vietnam is important for both the United States and 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 just a few years. Growth rates climbed to 8% and 9% annually. Foreign investors flocked to Vietnam. From 1988 - 1996 over $28 billion in foreign investment was committed. And since Vietnam has a very low per capita income of only $250 per year, the international donor community began generous overseas 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 worldwide. Vietnam has had tremendous success in establishing relations in Europe, within Asia and with the United States. Vietnam joined ASEAN in 1995 and will join APEC this November, and is committed to joining WTO.

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

As the attached timeline shows, this process has proceeded slowly through three administrations but has led to the lifting of the trade embargo, the establishment of diplomatic relations and the beginning 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. In the last year alone, the Vietnam Embassy here in Washington issued some 91,500 visas for Americans wishing to travel to Vietnam, over 66,000 for Vietnamese Americans wanting to visit their homeland.

But because the U.S. normalized relations far more slowly than other nations did, American business involvement in Vietnam has lagged behind other nations and still operates with severe handicaps. Without MFN status*, a trade agreement, and initially without trade support programs, American companies and individuals nonetheless began traveling, investing and trading with Vietnam. By 1997 the United States was the eight largest investor and eighth largest trading partner with $1.2 billion in investment committed and with $1 billion worth of two way trade.

In 1997, Vietnam's impressive growth began to slow. Foreign direct investment pledges dropped by 50% from 1996. 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 international 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 the 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 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 Untied 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 an estimated 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 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 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 our companies to operate in Vietnam. But companies are confident that progress is being made. Major infrastructure projects are in the pipeline 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. The companies' statements I am submitting chronicle 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.

* Only 6 countries do not have MFN status: Afghanistan, Cuba, Laos, North Korea, Serbia, and Vietnam.

VIETNAM

Vietnam Airlines (VNA) began in 1954, when Vietnam achieved independence from France. Only in the last few years has the airline begun to emerge as a viable, commercial enterprise. Although much needs to be done with this government-owned entity, the progress to date has been remarkable. In 1997, VNA carried over 2.5 million passengers. It now flies to 16 domestic and 23 major international cities. VNA claims its Western fleet to be one of the youngest in the world, with an average age of slightly over one year.

Despite the current damper on growth caused by Asian financial woes, Vietnam is poised to continue its upward climb. Quoting from the airline's March/April 1998 in-flight magazine *Heritage*: "As business and investment in Vietnam increase, we expect to see passenger numbers and cargo volume continue to rise, for both domestic and international flights. Traffic with other ASEAN countries is an area of strong growth: a domestic population of 75 million, whose living standards are rising, is another key demographic factor. And a two-million strong community of over-seas Vietnamese offers further potential for new routes."

Until the US trade embargo was lifted in February 1994, Boeing could not sell aircraft in Vietnam. A contract was awarded for the European Airbus A320 in late 1993 to meet Vietnam Airlines' growing need for aircraft – despite the airline's strong preference for the Boeing 737. Today, the airline operates ten A320s under lease with a good probability that more will be added over the next several years.

While Boeing is reluctant to concede possible future 737 sales to VNA, the chances of this are quite modest. Accepting any new aircraft type into an airline's fleet usually represents a twenty-year commitment, due to significant initial investments in pilot and mechanic training, ground support equipment, spare parts, and other ancillary support infrastructure. Including anticipated near-term follow-on A320 orders; the value of this lost business exceeds one billion dollars.

Boeing was however, able to help facilitate the lease and introduction of four wide-body 767-300ER aircraft into VNA's fleet. Boeing is currently involved in a sales campaign for the larger 777 aircraft with an initial sale value of approximately 500 million dollars, potentially exceeding two billion dollars over the next ten to fifteen years. Boeing will have to compete aggressively against an established Airbus, which will, be pushing the A340 and its touted equipment and training commonality with the A320s.

The French government has provided a grant of nearly two million US dollars to fund French to Vietnamese aviation regulatory agency assistance (DGAC-to-CAAV). The purpose is to assist CAAV establish itself as a modern regulatory agency. The French government has also sponsored an 18-month executive management program in France for senior VNA officials. These two examples demonstrate France's willingness to give Airbus and other French businesses a commercial advantage over the US.

Airbus is also gaining from a British program of technical English proficiency training of novice VNA mechanics and engineers. English language skills are a fundamental operational requirement for Western aircraft.

For Boeing to succeed in structuring a winning VNA sales campaign, US EximBank support and OPIC availability are critical. Without a Jackson-Vanick Amendment waiver, the competitive advantage offered by the Europeans will be over-powering.

Vietnam Airlines (VNA) has a fleet of 21 jet transports and six turboprop-powered ATR-72 regional service aircraft. Its four Boeing 767-300s and its ten smaller Airbus A320s are all leased. VNA owns its five Russian-built TU-134s and its two Dutch-built F70s. Of the French-Italian ATR-72, four are leased and two are owned.

Addenda

CATERPILLAR®

Caterpillar Inc.
[redacted]

Caterpillar Inc.
Statement for the Record
on the Jackson-Vanik Waiver for Vietnam
Committee on Ways and Means
Subcommittee on Trade
June 18, 1998

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.

Committee on Ways and Means
Subcommittee on Trade
US-Vietnam Trade Relations Hearing
Thursday, June 18, 1998

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 $2,000,00(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.

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

STATEMENT OF BRADLEY LALONDE
VICE PRESIDENT AND CORPORATE COUNTRY OFFICER FOR VIETNAM
CITIBANK
SUBCOMMITTEE ON TRADE
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
JUNE 18, 1998

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.

STATEMENT OF MR. GREIG CRAFT, VICE CHAIRMAN, APCAC
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 instances. 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 financiel 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.

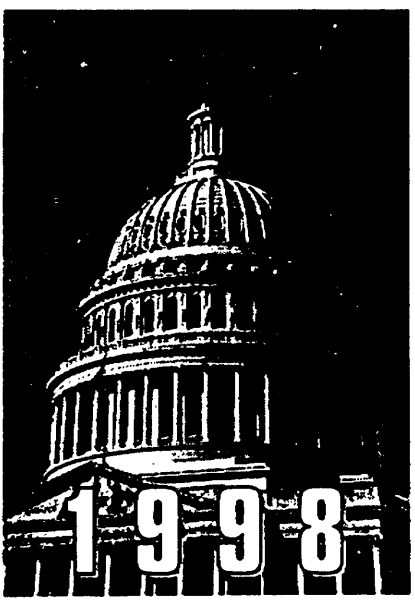
Denying Jackson-Vanik is the wrong action at the wrong time.

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, 25 Phan Dinh Phung, Hanoi, Vietnam. Telephone: (84) 4 927-1184. Facsimile: (84) 4 927-1185. He may be contacted locally at the Capital Hilton, telephone : 393-1000.

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.

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.

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 government 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

U.S.VIETNAM
TRADE COUNCIL

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.

The International Center • 721 Eighth Street, SE • Washington, DC 20003 • Phone: 202 547 3800 • Fax: 202 546 4784 • e-mail: mekong@clark.net

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
AlliedSignal Inc.
APL Limited
AMP Incorporated
AT&T Corporation
Bechtel Group
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
DeManeis International Group
Digital Equipment Corporation
Dresser Industries
DuPont
Eastman Kodak Company
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, Inc.
KHM Inc.
Lockheed Martin
McDermott Incorporated/Babcock & Wilcox
Mobil Inc.
Motorola
Oracle Corporation
Ormat International, Inc.
Pragmatics Inc.
Procter & Gamble
Raytheon International Inc.
Saigon Express Corporation
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. ASEAN Business Council
U.S. Chamber of Commerce
U.S. Council for International Business
U.S.-Vietnam Trade Council
Value Manufacturers Association ofAmerica

for further information please contact the Coalition for U.S.-Vietnam Trade
c/o the U.S.-Vietnam Trade Council (tel: 202/547-3800; fax: 202/546-4784)
or the National Foreign Trade Council (tel: 202/887-0278; fax: 202/452-8160)

U.S.VIETNAM TRADE COUNCIL

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 <u>not</u> 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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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.

Member Firms

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

- ★ Abiondi, 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

COMMUNICATIONS

STATEMENT OF THE 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 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 EU'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 its quotas will be subject to a separate 10-year phase-out beginning upon the date its entry.

(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.

[1] Textile Asia, April 1997, p. 9

[2] Women's Wear Daily, 5/12/93.

STATEMENT OF THE JEFFERSON WATERMAN INTERNATIONAL

[SUBMITTED BY STEPHEN LAMAR, SR. VICE PRESIDENT]

Dear Chairman Roth,

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. 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.

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

National Association of Manufacturers

Howard Lewis III
Vice President
Economic Policy

July 8, 1998

The Honorable Charles E. Grassley
Subcommittee on International Trade
United States Senate
219 Dirksen Building
Washington, DC 20510

Dear Chairman Grassley,

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 S.J. Res. 47, the resolution of disapproval with respect to the Jackson-Vanik waiver for Vietnam.

Sincerely,

NATIONAL LEAGUE OF FAMILIES
OF AMERICAN PRISONERS AND MISSING IN SOUTHEAST ASIA
1001 CONNECTICUT AVENUE, NORTHWEST, SUITE 919
202/223-6848 WASHINGTON, D.C. 20036-5504 UPDATE LINE: 202/658-0133

STATUS OF THE POW/MIA ISSUE: JULY 6, 1998

2,087 Americans are still missing and unaccounted for from the Vietnam War, though 468 were at sea/over water losses: Vietnam - 1,558 (North, 566; South, 992); Laos - 446 Cambodia - 75; Peoples Republic of China territorial waters - 8. The League seeks the return of all US prisoners, the fullest possible accounting for those still missing and repatriation of all recoverable remains.

The League's highest priority is resolving the live prisoner question. Official intelligence indicates that Americans known to have been alive in captivity in Vietnam, Laos and Cambodia were not returned at the end of the war. In the absence of evidence to the contrary, it must be assumed that these Americans may still be alive. As a matter of policy, the US Government does not rule out the possibility that American POWs could still be held.

Unilateral return of remains by the government of the Socialist Republic of Vietnam (SRV) has been proven the most effective means of obtaining accountability. Extensive field activities have brought some progress through joint recovery or turnover in the field of remains fragments. From that process, 132 Americans have thus far accounted for by the Clinton Administration, all as a result of joint field operations. (LA-60; VN-68 CB-4). Archival research in Vietnam has produced thousands of items, documents and photos, **but the vast majority pertain to accounted-for Americans**. A comprehensive wartime and post-war process existed in Vietnam to collect and retain information and remains. For this reason, unilateral SRV efforts to locate and return remains and provide records offer the most productive short term potential. The Defense Department's case-by-case review and other evidence reveal that unilateral SRV efforts could bring many answers.

Joint field activities in Laos are productive and, increasingly, the Lao Government has permitted greater flexibility while US teams are in-country. Agreements between the US and the Indochina governments now permit Vietnamese witnesses to participate in joint operations in Laos and Cambodia when necessary. POW/MIA research and field activities in Cambodia have received excellent support. Over 80% of US losses in Laos and 90% of those in Cambodia occurred in areas where Vietnamese forces operated during the war; however, Vietnam has not yet responded to numerous US requests for case-specific records on US loss incidents in these countries. Records research and field operations are the most likely means of increasing the accounting for Americans missing in Laos and Cambodia.

Despite US intelligence assessments and other evidence that hundreds of Americans can best be accounted for by unilateral Vietnamese efforts to locate and return remains and provide relevant documents and records, President Clinton lifted the trade embargo, established a US Embassy in Hanoi, normalized relations, posted a US Ambassador to Vietnam and, recently, determined, without supporting evidence, that Vietnam is *"fully cooperating in good faith"* to resolve this issue. The burden is squarely on the current administration to obtain increased accountability. The League supports steps by the US to respond to concrete results, not advancing political and economic concessions in the hope that Hanoi will respond.

Statistics are provided by the Defense POW/MIA Office

Live Sightings: As of July 1, 1998, 1,891 first-hand live sighting reports in Indochina have been received since 1975; 1,781 (94%) have been resolved. 1,249 (66%) were equated to Americans now accounted for (i.e. returned POWs, missionaries or civilians detained for violating Vietnamese codes); 45 (2%) correlated to wartime sightings of military personnel or pre-1975 sightings of civilians still unaccounted for; 487 (26%) were determined to be fabrications. The 110 (6%) unresolved first-hand reports are the focus of current analytical and collection efforts: 98 (5%) are reports of Americans sighted in a prisoner situation: 12 (1%) are non-POW sightings. The years in which these 110 first hand sightings occurred is listed below:

Year	Pre-76	76-80	81-85	86-90	91-92	93-94	95-96	97-98	Total
	74	10	3	7	3	4	3	6	110

Accountability: At the end of the Vietnam War, there were 2,583 unaccounted for American prisoners, missing in action or killed in action/body not recovered. **As of June 30, 1998, 2,087 Americans are still missing and unaccounted for, over 90% of whom were lost in Vietnam or in areas of Laos and Cambodia where Vietnamese forces operated during the war.** A breakdown of the time frame during which the 496 Americans were accounted for follows:

1974-1975	Post war years:	28
1976-1978	US/SRV normalization negotiations:	47
1979-1980	US/SRV talks break down:	1
1981-1984	1st Reagan Administration	23
1985-1988	2nd Reagan Administration	154
1989-1992	Bush Administration	111
1993-1996	1st Clinton Administration	128
1997-	2nd Clinton Administration	4

Unilateral SRV repatriations of stored remains have accounted for 160+ of the 368 from Vietnam; all but 3 of the 120 Americans accounted for in Laos have been the result of joint excavations. The breakdown by country of the 496 Americans accounted for from the Vietnam War:

Vietnam	368*	Laos	120*
China	2	Cambodia	6

*4 remains were recovered from indigenous personnel; 1 from North Vietnam and 3 from Laos.

For the latest information, call the League's Update Line, (202)659-0133, 24-hours a day.

US-ASEAN BUSINESS COUNCIL INC

BUILDING U.S. COMPETITIVENESS IN SOUTHEAST ASIA

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Statement of David A. Raymond
Vice-President, Raytheon Engineers and
Constructors International, Inc.
and
Chairman, U.S.-Vietnam Business Committee
US-ASEAN Business Council

Submitted to the
Senate Finance Committee
Subcommittee on International Trade

July 7, 1998
Washington, D.C.

Mr. Chairman, I am pleased to submit this statement to the Subcommittee on International Trade, on behalf of the US-ASEAN Business Council, a trade association dedicated to promoting U.S. commercial interests in the region of the Association for Southeast Asian Nations (ASEAN). More than 375 American companies belong to our Council, and I chair its U.S.-Vietnam Business Committee.

As Vietnam is one of the newest members of ASEAN, we have a special interest in developing strong U.S.-Vietnam commercial relations. Having the full support of U.S. government trade and investment agreements and programs in Vietnam is essential to achieving our commercial objectives. Therefore, we strongly endorse President Clinton's decision to waive the Jackson-Vanik Amendment for Vietnam.

On the eve of the third anniversary of President Clinton's announcement to normalize diplomatic relations with Vietnam, we commend the Subcommittee for taking the opportunity to examine the entire range of issues in the U.S.-Vietnam relationship.

We recognize that certain issues in this relationship stemming from the Vietnam War years continue to affect the complete normalization of relations. And, more importantly, delays in Vietnam's implementation of economic and political reforms to open its market and society have frustrated the efforts of those seeking acceleration of the country's commercial development.

Politically, we understand that the Vietnamese leadership is still considering fundamental choices as to how much control it will continue to maintain over the economy and society, and what trade-offs it is willing to make to attract and retain much needed foreign investment.

The good news is that the Government of Vietnam has--within the last six months--given clear signals that it wants to accelerate its reform program; it has eased its emigration restrictions and generally seeks to be more responsive to human rights, as well as investor concerns.

Buoyed in part by President Clinton's announcement earlier this year to grant the Jackson-Vanik waiver, negotiations for a bilateral trade agreement between Vietnam and the United States have also shown progress.

The U.S.-Vietnam trade agreement sets high standards in the areas of labor practices, market openness and investment protections. The Vietnamese agree in principle to many aspects of the agreement tabled by the U.S. negotiating team; and the next stage in the process is for Hanoi to outline an implementation program.

In light of this progress, the US-ASEAN Business Council fully supports renewal of the Jackson-Vanik waiver for two main reasons:

1. It promotes continuing normalization of relations between the U.S. and Vietnam—an objective of all parties.

   Throughout the process of fully normalizing relations between the United States and Vietnam, both sides have sought to build confidence by undertaking actions that show commitment to progress. For the Vietnamese, this has included: amending immigration procedures to expedite exit interviews under the Resettlement Opportunity for Vietnamese Refugees (ROVR) program; further progress on ODP cases; and a willingness to adapt its commercial and legal practices to be more in line with international standards. President Clinton's decision to waive the Jackson-Vanik amendment signaled to the Vietnamese our willingness to further normalize our relations; and failure to renew the waiver– scarcely five months later–would send a negative message to Hanoi and call into question our intentions.

2. It promotes U.S. commercial interests in a large emerging market.

   Without the support of U.S. government agencies, such as the Export-Import Bank of the United States (Ex-Im) and the Overseas Private Investment Corporation (OPIC), U.S. companies would be at distinct disadvantage to foreign companies which rely heavily on their own export credit agencies for market penetration. There is a close correlation between the activities of trade support agencies and market share. Allowing Ex-Im and OPIC to continue to operate in Vietnam would undoubtedly increase the level of commerce between the two countries, benefiting each. For the Vietnamese, greater interaction means more products for their consumers, access to technology and capital, and new investment. For the United States, we look forward to increased export and investment opportunities, more export-related jobs, and greater confidence in long-term business prospects.

Given the prospective benefits of normal relations between the U.S. and Vietnam, and the requirement of the Jackson-Vanik waiver to achieve those benefits, the US-ASEAN Business Council whole-heartedly endorses renewal of the waiver.

STATEMENT OF THE 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. We urge you to vote against S.J. Res. 47, or any other disapproval resolution involving the Jackson-Vanik waiver for Vietnam.

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 each.

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 that 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 is a recent letter from the U.S. Chamber to the leadership in the Senate 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 freedom 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. We urge you to vote against S.J. Res. 47, or any other disapproval resolution involving the Jackson-Vanik waiver for Vietnam.

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.

JUNE 9, 1998

Hon. TRENT LOTT,
Majority Leader, U.S. Senate,
Capitol Building,
Washington, DC.

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.

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.

VETERANS OF FOREIGN WARS OF THE UNITED STATES

STATEMENT OF

JOHN E. MOON, COMMANDER-IN-CHIEF
VETERANS OF FOREIGN WARS OF THE UNITED STATES

BEFORE THE

SUBCOMMITTEE ON INTERNATIONAL TRADE
SENATE FINANCE COMMITTEE
UNITED STATES SENATE

WITH RESPECT TO
U.S.-VIETNAM TRADE RELATIONS

WASHINGTON, D. C. **JULY 7, 1998**

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 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.

* WASHINGTON OFFICE *
VFW MEMORIAL BUILDING • 200 MARYLAND AVENUE, N E • WASHINGTON D C 20002-5799
AREA CODE 202-543-2239 • FAX 202-543-6719

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 believes that if by extending the waiver of the Jackson-Vanik Amendment for Vietnam we can reach our goal of the fullest possible accounting, then it should be supported. We do not believe that disapproving the waiver will result in improved cooperation from Vietnam on the POW/MIA issue. In fact, it might have the opposite effect. Although we believe that Vietnam has been cooperating with the United States in the full accounting process for missing Americans, we continue to urge both ours and the Vietnamese governments to improve its cooperation on this issue.

The VFW believes the U.S. and Vietnamese must work together to help to resolve some of the remaining discrepancy cases. Our view is that disapproving the waiver of the Jackson-Vanik Amendment is not an effective way of encouraging Vietnam to further increase its cooperation with the United States on the POW/MIA issue.

The VFW has been making trips to Vietnam since July 1991. On our first trip VFW officials accompanied Members of Congress 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 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 diminishing 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 may 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 diminishing of the "fullest possible accounting" effort after the lifting of the embargo and establishment of diplomatic relations, it strongly suggests there will be no reduction 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 hindered the full 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.

Finally, in the past the United States has established "most favored nation" trade status with a number of socialist/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 with regard to Americans missing from the Korean War.

Similarly, the U.S.-China trade relationship could serve as a model for our trade 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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