

## **Idea of the Week: Normal Trade Relations With Vietnam**

Rhetorical lip-service aside, trade policy has not been much of a priority for the Bush administration or the Congress of late. But fortunately, one trade initiative has surfaced on Capitol Hill, with strong bipartisan support.

Yesterday Senators Max Baucus (D-MT) and Gordon Smith (R-OR), joined by (among others) DLC Vice-Chairman Tom Carper, John Kerry and John McCain introduced a bill to grant permanent Normal Trade Relations to Vietnam. In the House, Reps. Mike Thompson (D-CA), Jim Ramstad (R-MN) and numerous New Democrat Coalition members introduced the same bill. We hope Congress will act upon their initiative quickly.

The quick background is that on May 31st, after six years of negotiations, Vietnam completed its talks on membership in the World Trade Organization. With this complete, WTO membership will come by the end of summer. As part of the agreement, the U.S. must move to grant Vietnam the permanent Normal Trade Relations virtually all other countries now have. This grant, known as PNTR, is not a 'free trade agreement' or a special privilege. It is simply the same tariff rates the U.S. has agreed to grant all other WTO members -- Tonga, Nepal and Albania; the U.K., France, China, Saudi Arabia and Zimbabwe -- and has granted to Vietnam on an temporary, annual basis since 2001.

The deeper fact is that thirty-one years after the end of the Vietnam War, PNTR is the last step in restoring normal diplomatic, travel, commercial and cultural relations with Vietnam, and also with its smaller neighbors Cambodia and Laos. This reconciliation process has been a long and slow one, dating all the way back to the first Bush administration's establishment of a Hanoi liaison office in the late 1980s.

During the 1990s, the Clinton administration moved step by step, through MIA site investigations, exchange of ambassadors, the end of the postwar trade embargo, and finally the signature of a Bilateral Trade Agreement in 2000. In his historic visit to Hanoi that year, Clinton spoke of the agreement as the foundation of Vietnam's full reintegration into the world economy, as well as an historic step for both countries:

"[T]his summer, in what I believe will be seen as a pivotal step toward your future prosperity, Vietnam joined the United States in signing an historic bilateral trade agreement, building a foundation for Vietnam's entry eventually into the World Trade Organization."

Since 2001, with the agreement in force, US-Vietnam trade has boomed. Vietnamese fish, T-shirts and furniture show up in American shopping malls. Vietnam is now a billion-dollar market, at par with middle-sized European Union members like Greece and Portugal, for American airplanes, chemicals and trucks. There is every prospect that WTO membership will speed this up, as new WTO members frequently double their imports within three or four years of implementing their agreements.

Personal ties have grown rapidly too, in particular as Vietnamese-American families set up small investment projects and import-export businesses with cousins and acquaintances across the Pacific. A small but vivid example of is the \$15,000 relief collection from low-income fishing communities on the Mekong River for Vietnamese-American fishermen along the Gulf Coast who lost homes and boats last year during Hurricane Katrina.

Such experiences point to the larger importance of the PNTR decision. When complete, it will close the book on the past for both countries, letting veterans, publics and governments look

ahead. Clinton phrased the hope very well six years ago, [speaking](#) to university students in Hanoi:

"May our children learn from us that good people, through respectful dialogue, can discover and rediscover their common humanity, and that a painful, painful past can be redeemed in a peaceful and prosperous future."

In a generally unproductive and mismanaged 109th Congress, the PNTR vote will be one in which both parties can take pride. We are pleased to see New Democrats and veterans joining in this important step, and hope Congress will swiftly approve it.